DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES
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1926

HOUSE OF COMMONS

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Thursday, May 6, 1926

The House met at three o'clock.

MARINE AND FISHERIES COMMITTEE

Mr. ALFRED STORK (Skeena) presented the first report of the select standing committee on Marine and Fisheries as follows:

Your committee recommends that it be authorized to have its proceedings and such evidence as may be taken printed from day to day or as may be required for use of the members of the committee and of the House and that rule 74 in relation thereto be suspended.

Mr. SPEAKER: The motion for the adoption of this report must be preceded by notice.

FUEL SUPPLY

COMMITTEE OF INVESTIGATION—PERSONNEL

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That the special committee appointed on Monday, March 15 to investigate our present sources of supply of anthracite and bituminous coal, the dependability of such sources, and other matters in relation thereto be composed of the following members namely: Messieurs Armstrong (Lambton), Bury, Campbell, Flemming, Garland (Bow River), Gershaw, Howden, Lapierre, MacDonald (Cape Breton South), McLean (Melfort), Neill and Nicholson with power to send for persons, papers and records and to report from time to time.

Mr. T. L. CHURCH (Toronto Northwest): May I point out to the government that a committee similar to that now proposed was appointed in the session of 1923 with precisely the same powers and for the performance of the same functions. That committee went into the subject exhaustively, taking evidence covering practically several hundred pages; before it appeared the head officials of both railways in Canada. Now, I do not believe that the appointment of any special committee at this date, entering as we are upon the fifth month of the session, will get us anywhere on the coal question. The facts are all well known, and the government is perfectly aware that the matter is solely a question of transportation. The committee appointed in 1923 made recommendations looking to a national fuel supply and although the government accepted those recommendations, they failed to put them into effect.

In view of the strike in England and Wales to-day there will be a fuel famine during the coming fall and winter such as has never been experienced before. The onus for a proper fuel supply in this country rests not upon any committee or commission, but entirely upon the government of the day. The best part of the Canadian merchant marine, the vessels that could sail the lakes, this government has sold, and now the country expects that the national railways shall be mobilized to solve this problem. When the matter was discussed by the previous committee it was admitted that the $7 rate would be satisfactory and take care of all overhead. Why has not the Prime Minister accepted that rate? He has referred this important matter to the decision of the railway commission, so that we shall receive no report upon it before August next when it wil be too late to get a supply of fuel. The Montreal Board of Trade, I may point out, realizing the gravity of the present strike situation in Great Britain, predicts a coal famine and economic newspapers and banking journals declare that there is likelihood of another strike taking place in the United States before the summer comes. Now, why refer this question to a committee? What object can be served by such a reference? The object of the committee as stated in the Prime Minister's motion is to investigate our present sources of supply of anthracite and bituminous coal and the dependability of such sources. It seems to me that if the committee were to investigate the dependability of the present government to solve this problem it might be more to the point. The government, in my opinion, are depending altogether too much upon Sir Henry Thornton and appear to be absolutely incapable of taking the initiative themselves. All the evidence that was given before the special committee appointed a couple of years ago, evidence contained in several hundred pages, shows quite clearly that this is purely and simply a transportation question. Sir Henry Thornton's officials and his experts who were examined before that committee were quite agreeable to the $7 rate but the government have refused to act upon the recommendations of that committee. I repeat, they are allowing Sir Henry Thornton to usurp

their powers and to exercise the functions which they should discharge themselves. Had I received anything like reasonable support when I discussed this question before something might have been done.

Now there is no necessity whatever for a committee to inquire into the sources of supply in Canada, for we all know what they are. The government do not need any advice at all upon that subject. I would urge the deputy leader of the House from Brandon (Mr. Forke) and the vice-regent from Winnipeg North Centre (Mr. Woodsworth) to try if possible to get the government moving in this matter and to shoulder the responsibility that properly belongs to them. There is no reason why the country should suffer because of inaction on the part of the government. The matter has now been made a football for long enough. One commission, the railway commission, failed to act on its own volition until instructed by parliament, and their report will not be in until midsummer and will be of little or no value to end or solve the question. The appointment of a committee only gives the government a chance to shelve its responsibility with regard to a situation that will become very acute next winter. The resolution just mentions sources of supply and says nothing at all about Alberta, the Maritimes or transportation.

As I said on March 15 last, in the debate of 1924, a vote was taken and my resolution for a national coal supply was adopted.

Where are we going to be next fall if the coal strike in England continues for six months or a year; are we going to be frozen? On the government of the day, Mr. Speaker, as long as they are the government, is the responsibility for finding a solution of this question. I do urge on the government that this industry is in such a critical condition to-day in the Maritimes and in the west that we should adopt the principle of subventions, bonuses and subsidies, a good protectionist doctrine, and put the industry on its feet. While I have the utmost regard for the mover of the resolution, I fear its adoption would mean further delay, and the only tangible result would be the presentation and filing of another report to supplement these two reports that I hold in my hand. Sir Henry Thornton agreed to a seven dollar rate, but later he said conditions had changed and he withdrew that rate. To hear him making his pronouncements on railway matters, you would think he was superior to the railway commission and even to parliament. Again, Mr. Speaker, I urge the government to take immediate action so that this very serious situation may be dealt with in time to save the people of Canada, particularly those residing in the central provinces, from all the misery and discomfort that must inevitably follow another shortage of fuel next winter.

[Mr. Church.]

Hon. CHARLES STEWART (Minister of the Interior): Mr. Speaker, my hon. friend from Toronto Northwest (Mr. Church) always seeks an opportunity to make a speech when the question of coal comes before this House.

Sir HENRY DRAYTON: He needs to.

Mr. STEWART (Edmonton): Does he? I have not noticed recently anything serious in the coal situation, with all respect to my hon. friend from West York (Sir Henry Drayton). What is proposed to be investigated by this committee is not the situation that was dealt with by the committee of which my hon. friend from Toronto Northwest has just spoken. There is no need to investigate sources of supply; we all know where these are available. But some members of this House, particularly those from the province of Ontario are interested in securing coal from the west, and naturally hon. members from Alberta desire to supply the fuel necessities of Ontario from the coal mines of their province. To bring this about, it was advocated by some of our Ontario members that transportation could be reversed on the Great Lakes; in other words, that the coal be brought down to Fort William, and there transhipped to bottoms which would carry the coal to the lake ports from which in turn it could be distributed to the southeastern portion of this province. That phase of the subject was not investigated thoroughly by the previous committee. I do not see any advantage in investigating the whole problem of coal transportation, because that has been already very fully gone into and the results, as my hon. friend stated, are contained in the volume he held in his hand. But it is felt by some members who are interested in this matter that they can prove the practicability of cheapening transportation costs on Alberta coal by transhipping it at Fort William as I have already mentioned. The work of this committee will not interfere in the slightest degree with the movement of coal to supply next winter's requirements of the central provinces. We are well aware of what the strike in Great Britain may mean to our fuel situation, but we are chiefly interested in supplying the central provinces with our own coal, and the government is quite alive to the whole problem.

Mr. A. E. ROSS (Kingston City): Mr. Speaker, I can hardly agree with the minister that this question was not discussed by the former committee; I cannot recall any phase of the coal situation that was not taken into account by that committee, and I think he will find from the reports that this and all other features of the coal problem were considered. The minister does not in this parliament, nor did he in the former parliament, seem to be seized with the seriousness of the situation. Let me draw your attention to these facts, Mr. Speaker. On January 22 last the member for West Calgary (Mr. Bennett) brought to the attention of the minister what he considered to be a very serious situation, and on January 25 the member for Bow River (Mr. Garland) also called the attention of the minister to a similar condition. On that occasion the minister replied:

> There may be a serious emergency so far as the miners of Alberta are concerned, but at the moment there is no emergency at this end.

At that very time the situation was serious in eastern Ontario. Only two months before that the minister must have been aware of the emergent conditions, because he is reported in a Canadian Press despatch from Ottawa, dated December 28, under the heading, "Hon. Charles Stewart warns the public of possible acute situation," as follows:

> Hon. Charles Stewart in an interview here strongly recommends householders "to immediately protect themselves by laying in supplies of whatever fuel they can obtain at present prices."

And so on. So at that time there was a serious fuel situation according to the minister; but on January 25 he stated there was no emergency at this end, although at that time there was an alarming situation. The minister seems to be imbued with the same spirit to-day in dealing with this subject: he is going to wait until this committee reports, just as he did before—

Mr. STEWART (Edmonton): May I interject? I never said anything of the kind.

Mr. ROSS (Kingston): Mr. Speaker, the situation is so serious to-day that the government should assume full responsibility. This government has achieved an unenviable reputation for appointing committees and commissions of one kind and another which have never accomplished anything. We had a pulpwood commission appointed by the leader of this government, and what did they do? They went gypsying in a modern way, enjoying a trip in excellent cars, Pullmans and so on, until the Finance minister had to send out a message calling them home, removing them from the job and the payroll. I cannot see that anything will be accomplished by this committee; the matter is so serious to-day that the government should set themselves to its settlement, and deal with it and take the responsibility.

Mr. MACKENZIE KING: Mr. Speaker—

Sir HENRY DRAYTON: Is this to close the debate?

Mr. MACKENZIE KING: No, it is not.

Sir HENRY DRAYTON: If the mover speaks the debate is closed, but if it is quite clear that such will not be the case, it is all right.

Mr. SPEAKER: What is the point?

Sir HENRY DRAYTON: The right hon. Prime Minister rose to speak, and I pointed out that that would close the debate, as he had made the motion.

Mr. MACKENZIE KING: I just wished to say a word in explanation.

Sir HENRY DRAYTON: I am quite content to have the hon. gentleman speak on the understanding that the debate is not thereby closed.

Mr. MACKENZIE KING: I merely wish to make an explanation. So far as the government are concerned we are simply seeking to meet the wish of the hon. member for East Lambton (Mr. Armstrong), who expressed the desire that this committee be appointed. In order to meet the wish of the hon. member the government agreed to appoint a committee, but if hon. gentlemen opposite think such a committee would serve no purpose, we are quite prepared to withdraw the motion.

Mr. F. P. QUINN (Halifax): As this matter is of the greatest importance to the province of Nova Scotia, from which I come, and which province has the greatest developed coal resources in the whole Dominion, I might point out that in the composition of this committee Nova Scotia has no representation. The province of New Brunswick, which has comparatively small coal resources, is represented; the province of Alberta is also represented, and I would like to ask why there is no representative on that committee from the province of Nova Scotia.

Mr. MACKENZIE KING: My hon. friend has asked why there is no representative of Nova Scotia on that committee. My understanding, Mr. Speaker, is that the whips of the different parties were requested to hand in the names of those members whom they wished to serve on that committee. As most

of the hon. members from Nova Scotia happen to be on the opposite side of the House, the names of Nova Scotia members would be handed in from his own side of the House. I am informed that there is one representative of Nova Scotia on that committee, in the person of the hon. member for South Cape Breton (Mr. MacDonald).

Hon. R. B. BENNETT (West Calgary): I desire to add a very few words to what has already been said with regard to this matter On March 15 the hon. member for East Lambton (Mr. Armstrong) moved a resolution which was seconded by the hon. member for Frontenac-Addington (Mr. Edwards), asking that attention of the House be given to the development of the coal resources of Canada and the delivery of this product at the lowest cost, in order to meet the urgent need for this fuel for manufacturing and domestic uses, and that a committee be appointed for this purpose. In consequence of that resolution the Prime Minister has to-day moved that the names of those who compose that committee be Messieurs Armstrong, Bury, Campbell and so on. May I point out that the purposes alleged in this motion are somewhat different from those set out in the motion proposed by the hon. member for East Lambton. The special committee named in this motion is to investigate our present sources of supply of anthracite and bituminous coal, the dependability of such sources, whether the prices are fair and reasonable, and other matters in relation thereto. The proper course to pursue in regard to the motion would be to recognize the fact that in 1923 a committee investigating this question made a report, and I would suggest that the present committee take up the work where it was left off in 1923, in order that there may be no duplication or unnecessary expenditure of public money with respect to this matter.

Might I also point out that the report made on that occasion was very, very definite. The report is printed on pages 8 and 9 of the Journals of the House, No. 6, Mines and Minerals, and the reference to that committee dealt not only with the question of mines and minerals in a general way, but also with the coal supply in a very definite way, particularly with respect to our dependence upon the United States. I would suggest that following the preparation of that report, and the hearing of witnesses at considerable expense, this new committee should not duplicate that effort. All that need be done is to amend the motion in such a way as to make it clear that the committee is to report upon the matter from the report of the last committee up to date, or in other words dealing largely with the question of transportation. It must be common ground with every member of this House that we have already established beyond question our sources of coal supply. We know what they are, in a general way, and further than that, we know in a particular way in what provinces they are and their extent, and the particular difficulty under which we labour at the present moment is the cost of transportation.

In that committee this matter was dealt with at some length and the government was recommended to take certain definite action. The hon. member for Kingston (Mr. Ross) has complained, and it seems to me very properly, that the government has failed to carry out those recommendations. I would suggest that this examination be held for the purpose of ascertaining the cost of transporting coal from the great coal regions of Alberta to central Canada, and from the Maritime provinces to Montreal and other cities of eastern Canada. That is the real difficulty confronting us. It is not necessary to waste time determining the extent of our coal resources; we need not waste time ascertaining whether or not the fuel is good, because its quality has already been established, and it has largely been used in Ontario during the past season.

In this regard, despite what has been said by the Minister of the Interior (Mr. Stewart), I should like to place on record the great sense of obligation the people in Alberta have to the hon. member for Toronto Northwest (Mr. Church). In season and out of season he has urged the desirability of the use of Alberta coal by the citizens of Ontario, and most of the people of Alberta realize that no better friend of the development of the coal areas of Alberta can be found anywhere than in the person of the hon. member for Toronto Northwest. I do deprecate this matter being made a political football, and being treated purely as a matter of politics. This country is confronted with what may become a very serious situation with regard to fuel during the coming winter. If, peradventure, there should be difficulty in the mining of coal in the United States, added to the difficulties now prevailing in Great Britain, I am sure every member of this House would feel that he had neglected some part of his duty if he did not, at this time, do everything in his power to assist in bringing to light every possible suggestion whereby the coal of Alberta may be used in Ontario during the coming winter.

I am divulging no secret when I say that large financial interests in England are already prepared to put substantial sums of money into Alberta for the purpose of developing the coal areas there. The largest group engaged in coal mining in Great Britain are prepared to invest this money, which means that one question which should engage the attention of this committee, apart from those matters particularly raised by the hon. member for Lambton, must be the cost of transportation. That is the one problem concerning the Canadian people at this time, and if my right hon. friend—

Mr. STEWART (Edmonton): Would it not be wise to add the cost of distribution as well?

Mr. BENNETT: Very well, and if my right hon. friend would be good enough to accept the suggestion in the spirit in which it is made, he might recast his motion, not for the purpose of making it conform to any suggestion of mine, but to harmonize it more with the report made in 1923, and with the motion of the hon. member for East Lambton, whereby a very great deal of good would be accomplished. We would not waste time, we would not duplicate effort, and may I also suggest that when it is being done, perhaps it would expedite matters if the hon. member for Toronto Northwest (Mr. Church) were appointed to that committee.

Mr. J. E. ARMSTRONG (East Lambton): As I am responsible for placing the resolution on Hansard, I wish to say a few words in support of it. The hon. member for Toronto Northwest (Mr. Church) has referred to the two previous committees that inquired into this question, one appointed by the Senate and one by the House of Commons. Their reports are available to everyone. I read those reports very carefully before placing this resolution before parliament, and the proposition that I have in view in connection with the transportation of coal from the northwest and from the eastern part of this country to the central provinces is an entirely different proposition from anything that has been dealt with in those two reports.

My proposition, in a few words, is simply this: That the coal be carried from the west to Port Arthur and Fort William, and then be transferred into boats and carried on down the lakes as far as Toronto, if you like, from the west, and as far as Kingston, we will say, from Nova Scotia. The proposition is a feasible one, because you will be able to save an enormous sum of money in freight rates. Take, for instance, the freight rate from Port Arthur and Fort William down through lake Huron, on through the river St. Clair and on to lake Erie; the coal can be carried by boat, including the cost of loading and unloading, for just about $1 a ton. What better argument could a man use in support of this proposition? I have investigated the loading and unloading facilities that have been perfected within the last few years, and I am convinced that coal can be carried and delivered at ports along lake Huron, the river St. Clair and along lake Erie for less than, or say, $1 per ton from Port Arthur or Fort William. If we can carry grain at 1½ cents a bushel from Fort William or Duluth to Buffalo, surely we can carry coal at a similar rate. Compare that rate with the rail rate; compare it with the rate which the railway commision will be compelled to put before you in their decision; the railway rate is an entirely different proposition.

While I do criticize the government for not appointing this committee weeks and weeks ago—it is now nearly two months since I placed the resolution on Hansard—while we have lost a lot of valuable time, I believe that we shall be able to place before parliament a great deal of valuable information that will help materially to solve this problem.

I do not wish to take up any more time in support of the proposition, but I am convinced that the committee, if they will get to work immediately, and attend faithfully to their duties in that regard, will be able to show some good results before the close of this session.

Sir HENRY DRAYTON (West York): I rise merely in connection with a remark passed between myself and the minister when he was speaking in the first instance. I pointed out to him that I thought there was very great occasion for the hon. member for Toronto Northwest (Mr. Church) to talk on this subject whenever he could get an opportunity. He has to; all of us ought to, if for no other reason than the reason of endeavouring to get some action some time out of this government. That of itself is quite sufficient justification. If we could get into the heads of this government a better sense of their responsibilities to-day, it would be a grand thing if we went on talking even for a considerable time. I refer to what the right hon. the Prime Minister says. After all, he says, if you do not want this I do not want it, and I will take it back. We are only doing this, he says in effect, because you want it. That is not what we want, Mr. Speaker. We want coal for the people of this country. We want the

government to take hold of this matter and to bring down and introduce such measures and such resolutions as they believe in themselves, such measures as will get us coal, not merely resolutions which are introduced for the purpose of being withdrawn, resolutions which they do not believe in unless we say Amen to them.

We have had a delay now since the 15th of March; nothing has been done since that date, and what we would deprecate more than anything else is a further shelving of this question. If the government will make use of this committee, and if the committee will get busy at once and the government will put into effect their recommendations at this session of the House, the committee will be a very good thing, but if the government uses this committee as they have used committees in the past simply for the purpose of delay and shelving a question, then indeed it is a bad thing for the householders of the province of Ontario and of the province of Quebec, and for the miners of Alberta and Nova Scotia, that this motion is introduced.

Mr. JAMES MALCOLM (North Bruce): Having spoken in support of the resolution of the hon. member for East Lambton (Mr. Armstrong) when this question was up before, I desire to make an observation or two.

The committee does not need to study the problem of disposing of Nova Scotia coal in the central provinces, for I believe that every hon. member of this House has come to one conclusion, that Nova Scotia coal as a domestic fuel can be successfully used in the central provinces only by one method, and that is by the establishing of coking plants at centres in Ontario and Quebec. I believe that the government can take action on that point without a committee.

Secondly, with regard to Alberta coal, there are just two problems. The first problem is the cost of mining the coal. Hon. members from Alberta have admitted that over-production, too many mines and lack of full time work for the miners, are causing the cost of Alberta coal to be higher than it should be. That question will have to be in some way regulated, or else the cost of Alberta coal will be too high to the users in Ontario and Quebec.

The second problem is whether Alberta coal of a grade that will meet the competition of American coal can be brought to the central provinces without the imposition of a duty against anthracite. That becomes a question of fiscal policy for the government.

The hon. member for East Lambton is quite right in what he says as to the method of handling coal. I know something of the cost of lake transportation, but all grades of Alberta coal cannot be handled by boat at Fort William, thence to Ontario ports, and transhipped by rail to Ontario points. The scheme is feasible, but it is feasible only with certain grades of Alberta coal, and there comes in the question whether you are going to ask domestic users in Ontario to take all grades of Alberta coal when some grades will so slack in handling as to be unsuitable.

My feeling is that this committee should confine itself entirely to the control of the supply of Alberta coal, the cost of transportation, and the methods of handling. If the supply of Alberta coal is regulated in such a way that the better grades which can be handled without slacking will be able to be brought east, I believe, as I said in a former speech, that the railways should make more money on a $4 rate to Fort William than on a $7 rate right through to Toronto. The better grades can be handled from Fort William for $1 a ton to all ports on lakes Huron, Erie and Ontario. That policy is one which I believe the government can adopt, and I have myself pressed the Minister of the Interior (Mr. Stewart) to take up that matter at once. It means the establishing of certain docks at lake ports to handle this coal; but it also means control of the supply in Alberta.

In this regard may I say: A great many men entertain fear of the word "nationalization". I do not. We have demonstrated in Canada that the attitude of the Canadian public towards a nationally owned project is the attitude of good citizens. We have not had strikes on our national railways and we have not had trouble with those railways; we have had success. The province of Ontario has further demonstrated that an intelligent people can have a public utility and administer it well. I do not believe that the province of Alberta is going to get one hundred per cent efficiency out of its coal mining so long as new coal mines are being opened up indiscriminately. I also believe that the province of Ontario is going to pay too high a price for Alberta coal and will receive some low grades, without some control. Every additional thousand tons of coal ordered may mean the opening up of some new mine and a consequent increase in competition. I point out to the Minister of the Interior that the greatest problem he has to face in connection with marketing Alberta coal in Ontario is the controlling of the supply. If the best mines only are operated in such a way that the miners will get full pay the cost will be kept down. If that can be

done I believe that Alberta coal can be transported to Ontario, and we can make a great national asset out of the coal we have in that province. I say to the Minister of the Interior again, that the problem of transporting Alberta coal is not a difficult one. The control of the mines in Alberta is a difficult matter. On that point the government must take its stand and it does not need a committee to supply it with the necessary evidence.

Motion agreed to.

PEACE RIVER ELECTION

RULING OF MR. SPEAKER ON PETITION ASKING THAT RETURN OF MR. KENNEDY BE DECLARED VOID

Mr. SPEAKER: I am now ready to give my ruling on the point of order raised on Tuesday.

A petition has been presented to the House by James Arthur Collins praying that the House of Commons of Canada may determine and declare that Donald Macbeth Kennedy, of Waterhole, province of Alberta, was not duly elected and returned at the election held 29th of October, 1925; that his return is void; and that he the petitioner be declared duly elected and is entitled to be returned as the member for the electoral district of Peace River, in the House of Commons of Canada.

On the report of the Clerk of Petitions the Right Honourable W. L. Mackenzie King raised a point of order. He contends that said petition cannot be properly received by the House of Commons because the Peace River election has been protested and is still before the Supreme Court of Alberta, and that the parliament of Canada, by the Controverted Elections Act passed in 1873, which is now found in Ch. 7, R.S.C., 1906, has transferred to courts exclusive jurisdiction over matters relating to the election of its members.

A debate arising thereon, many rulings, precedents and authorities were cited on both sides of the House. The question is a very important one, and I have given its solution my most earnest consideration.

I have looked into the cases cited and I find that they do not all apply to this petition.

In the Queen's, N.B., case, the proceedings did not originate by a petition. The Clerk of the Crown in Chancery was ordered on the 14th of April, 1887, to attend on the next day with the return of the election, poll-books and other documents. He attended in accordance thereto on the next day. A motion was made by Mr. Skinner on April 28th, 1887, that the clerk of the crown amend his return by erasing the name of Mr. Baird and substituting that of Mr. King as the duly elected member for the constituency; and on amendment by Mr. Thompson the return and papers were referred to the committee on Privileges and Elections.

The same procedure was followed in the Brockville and West Huron cases. A motion was passed on the 6th of July, 1899, ordering the Clerk of the Crown in Chancery to attend at the table with all poll-books, voters' lists and other documents transmitted to him by the respective returning officers. He was in attendance on the next day and produced the papers. On motion of Mr.—now Sir—R. L. Borden, these papers were referred to the select standing committee on Privileges and Elections.

In the Nipissing case, Mr. Northrup moved on the 24th of April, 1901, in amendment to the motion for the Speaker to leave the chair for Supply, that the conduct of the returning officer be referred to the committee on Privileges and Elections. This amendment was voted down at the same sitting on a division of 51 to 94.

In the Coderre case, no petition was presented. Mr. Gauthier rose on a question of privilege and moved on the 17th of March, 1913, that certain allegations against the Secretary of State be referred to the standing committee on Privileges and Elections. The motion was defeated on a division of 53 to 87.

The only two cases which originated in the House by way of petitions are those of Gaspé and Richelieu. In the former, which came up in 1874, the petitioner, Horatio Le Boutillier, asked that the return for the election be amended by substituting his name for that of Louis George Harper, the sitting member. Speaker Anglin did not allow the petition to be received.

In the Richelieu case, Speaker Blanchet rendered a similar decision, supplementing it with the following remarks:

> If the petition should be received it would then be competent for any member to move that it be referred to a committee; and if such a motion were agreed to, the various allegations in the petition would constitute the order of reference by which the committee would be governed in its proceedings. In this way, a door would be opened to the indiscriminate reception of petitions attacking generally the return of members, though not governed by any of those formalities necessary even in those times when the House possessed full jurisdiction over controverted elections. To grant the prayer of the petition, would be to violate the general principle which lies at the basis of all the legislation adopted by the English parliament since 1868, and by the Canadian parliament since 1873, that the court alone should adjudicate on matters of controverted elections.

Rule 80 has been cited by the hon. member for South Wellington (Mr. Guthrie) as giving the House sufficient authority to take up this petition but this rule is nugatory today as it was superseded by the Controverted Elections Act which has been on the statute book since 1874. It has nothing to do with the different laws which fully provide for the trial and punishment of corrupt practices at elections; it only reiterates the House's privilege to deal with offences of bribery and corruption after they have been proved before the competent courts.

That parliament, in Canada, as well as in Great Britain, has consented to transfer the exercise of some of its privileges to special courts constituted by law, there can be no doubt. There is very little difference between the English and the Canadian Controverted Elections law; and May, 13th edition, page 642, after dealing with the organization of the election tribunals, says:

> Petitions complaining of undue elections and returns are presented to these courts instead of the House of Commons, as formerly—the House has no cognizance of these proceedings until their termination; the judges are also to report whether any corrupt practices have been committed with the knowledge and consent of any candidate.

The act provides here as well as in Great Britain that when the election trial is over, the judges shall make a report in writing to the Speaker showing that any corrupt practice has or has not been proved to have been committed by or with the knowledge and consent of any candidate; the names of the guilty parties; whether corrupt practices have extensively prevailed; whether the inquiry has been rendered incomplete by the action of any of the parties to the petition and whether further inquiry is desirable.

Nothing could more clearly show that the House has transferred to these courts the functions formerly performed by its own committees than the following comment of May at page 643:

> All such certificates and reports are communicated to the House by the Speaker, and are treated like the report of election committees under the former system. They are entered in the journals; and orders are made for carrying the determination of the judges into execution. A report that corrupt practices have extensively prevailed is equivalent to the like report from an election committee for futher enquiry into such corrupt practices.

I now come to the right of petition alluded to during the debate. Our rule 75 deals with the procedure to be followed as regards petitions. Subsection 8 provides that:

> Every petition so reported upon, not containing matter in breach of the privileges of this House and, which, according to the rules or practice, of the House, can be received shall then be deemed to be permitted to be read and received.

[Mr. Speaker.]

Mark these words, "can be received." It is well to bear in mind the wording of this rule. Does it not clearly indicate that whilst the right of petitioning may be acknowledged as a fundamental principle of the constitution, yet it is limited? The petition can be received if it does not contain matter in breach of the privileges of the House. To be received it must conform to its rules and practice.

4 p.m.

In the course of the debate, great stress was laid on the immemorial right of every British subject to petition parliament. Redlich, volume 2, page 239, refers to that time honoured usage in the following words:

> The venerable institution of petition, the oldest of all parliamentary forms, the fertile seed of all the proceedings of the House of Commons, has but little life at the present day. It is, no doubt, the birthright of every British subject to address petitions to the House of Commons and the House of Lords as it was fifty years ago, and thousands of petitions are annually sent to the House of Commons. Thanks, however, to the ample development of courts of justice and administrative bodies, the value of petition as a protection against denials of right has disappeared.

May, page 608 observes that:

> Before the constitution of parliament had assumed its present form, and while its judicial and legislative functions were ill-defined, petitions were presented to the crown and to the great councils of the realm for the redress of those grievances which were beyond the jurisdiction of the common law.

In the present case, the judicial function is certainly well defined and nobody will contend that the grievance is beyond the court's jurisdiction.

This petition prays that the House of Commons of Canada may determine and declare that Mr. Kennedy was not duly elected and returned at the election held on the 29th of October, 1925, that his return was and is void, and that it may be declared that the petitioner was duly elected at the said election, and is entitled to be returned as the member elected to represent the electoral district of Peace River in the House of Commons of Canada. A prayer of this character is of far-reaching importance, and the reception of such a petition requires careful consideration and examination of precedents before it is entertained or received by the House.

If this petition merely asked the House to deal with complaints against an official of the House, such as a deputy returning officer, for violation of his duty under the law, such as fraud and manipulation of ballots and other corrupt practices, or if it asked for the punishment of such an officer, the right of parliament to receive such a petition and apply the remedy is undoubted. The House

has always the power to inquire into the conduct of its own returning officers and to prevent them from wrong doing. (Bourinot, page 134). This has been unquestioned since 20th March, 1875, when both Sir John A. Macdonald and Hon. Edward Blake agreed that the House had not abandoned its right to control, censure and, if need be, punish returning and deputy returning officers. This was also the view held by Sir Louis Davies, Hansard, 1899, volume II, page 5308.

The result of the precedents cited is summed up by our old standard authority, Bourinot, 4th Edition, pages 133-134, where he states:

> Among the conclusions reached from a review of the cases cited in the controversies one may be stated, namely, that the strong sense of parliamentary and public opinion is opposed to any return to the old system of parliament interefering in the trial of election questions, although it continues to retain all the powers not expressly, or by fair interference, entrusted to the courts. The provisions of the statutes on controverted elections and kindred matters do not supersede the jurisdiction of the House in questions affecting the seats of its own members not arising out of controverted elections. The House is, in fact, bound to take notice of any legal disability affecting its members and to issue writs for election to fill the places of members adjudged to be incapable of sitting without waiting for the return to be questioned by persons outside of parliament; that the House has always the power to enquire into the conduct of its own returning officers and to prevent them from wrong doing. Of course it will proceed cautiously in any case that might be more satisfactorily settled in the courts, though it is always regular to receive petitions setting forth grievances and praying for a remedy, provided they do not question the return of the member within the meaning of the Controverted Elections Act.

Before the passage of the Controverted Elections Act, the House by the Privileges and Elections committee tried all election petitions, the practice had been in force for many years, witnesses and parties filled the lobbies, and charges of unfairness and partisanship were constantly alleged. It was to get rid of all these difficulties and to set up an impartial tribunal that parliament passed the act and delegated all such matters to the courts.

Exclusive jurisdiction was given to the courts by section 91 of the act, which reads as follows:

> 91. All elections shall be subject to the provisions of this act, and shall not be questioned otherwise than in accordance therewith.

The force of all these authorities and precedents is so impressive that I have come to the conclusion to rule that this petition cannot be received.

Hon. R. B. BENNETT (West Calgary): Respectfully but firmly, Mr. Speaker, I appeal from your ruling that future generations may realize that a considerable number of the members of this House still attach a real value to a petition to parliament.

Mr. SPEAKER: The Speaker having ruled that the petition of James Arthur Collins, praying that he be declared entitled to be returned as the member elected to represent the electoral district of Peace River in the House of Commons, cannot be received, under rule 75, subsection 8, because parliament has delegated its powers in such matters to the courts, under section 91 of the Controverted Elections Act, Mr. R. B. Bennett, West Calgary, appeals from that ruling. Those in favour of the Speaker's ruling being sustained will please say aye; those against will please say nay.

Before putting the question I would call the attention of the hon. member for Peace River (Mr. Kennedy) to rule 69:

> If anything shall come in question touching the return or election of any member, he is to withdraw during the time the matter is in debate.

An hon. MEMBER: He is not here.

The House divided on the question: Shall the ruling of the Chair be sustained, and the ruling was sustained upon the following division:

YEAS

Messrs:

Baldwin,	Fiset (Sir Eugene),
Beaubien,	Fontaine,
Benoit,	Forke,
Bettez,	Fournier,
Bird,	Gardiner,
Boivin,	Garland (Bow River),
Bothwell,	Gershaw,
Bouchard,	Gervais,
Boucher,	Girouard,
Boutillier,	Goulet,
Brown,	Guérin,
Cahill,	Hall,
Campbell,	Hatfield,
Cannon,	Heaps,
Cardin,	Heenan,
Carmichael,	Howard,
Coote,	Howden,
Cross,	Jacobs,
Delisle,	Jelliff,
Denis (St. Denis),	Jenkins,
Denis (Joliette),	Johnston (Long Lake),
Desaulniers,	Kay,
Descoteaux,	King (Kootenay East),
Deslauriers,	King, Mackenzie (Prince
Dionne,	Albert),
Donaghy,	Lacombe,
Donnelly,	Laflamme,
Duff,	Lanctot,
Dunning,	Lapierre,
Dussault,	Lapointe,
Elliott,	Lavigueur,
Evans,	Letellier,
Evanturel,	Lovie,
Fafard,	Lucas,
Fansher,	Macdonald (Glengarry)

Macdonald (Antigonish-Guysborough),
MacLean (Prince),
McLean (Melfort),
Macphail (Miss),
McIntosh,
McKenzie,
McMillan,
McPhee,
Malcolm,
Marcil,
Mercier (Laurier-Outremont),
Millar,
Morin (Bagot),
Morin (St. Hyacinthe-Rouville),
Motherwell,
Neill,
Parent,
Perras,
Pouliot,
Power,
Prévost,
Raymond,
Rhéaume,
Rinfret,
Robb,
Roberge,
Ross (Moose Jaw),
St-Père,
Sanderson,
Séguin,
Spence (Maple Creek),
Spencer,
Steedsman,
Stewart (Edmonton West),
Stork,
Sylvestre,
Tobin (Richmond-Wolfe),
Tobin (Wetaskiwin),
Totzke,
Vallance,
Verville,
Ward,
Wilson (Vaudreuil-Soulanges),
Woodsworth,
Young (Saskatoon),
Young (Weyburn).—115.

NAYS

Messrs:

Anderson (Toronto High Park),
Anderson (Halton),
Armstrong (Timiskaming South),
Armstrong (Lambton East),
Arthurs,
Baker,
Barber,
Bell (Hamilton West),
Bell (St. Antoine),
Bell (St. John-Albert),
Bennett,
Black (Yukon),
Black (Halifax),
Bowen,
Bristol,
Bury,
Cahan,
Cantley,
Casselman,
Chabot,
Chaplin (Kent, Ont.),
Chaplin (Lincoln),
Charters,
Church,
Clark,
Cotnam,
Davis,
Dickie,
Drayton (Sir Henry),
Duncan,
Embury,
Esling,
Fish,
Flemming,
Foster,
Fraser,
Garland (Carleton),
Geary,
Gott,
Grimmer,
Guthrie,
Hamilton,
Hannesson,
Hanson,
Hay,
Hocken,
Hodgins,
Hubbs,
Johnstone (Cape Breton North-Victoria),
Jones,
Kaiser,
Kennedy (Winnipeg South Centre),
Ladner,
Lennox,
MacDonald (Cape Breton South),
Macdonald (Kings),
Macdonald (Richmond-West Cape Breton),
Macdougall,
MacLaren,
Maclean (York South),
MacNutt,
McClenaghan,
McGibbon,
McKillop,
McQuarrie,
Maloney,
Manion,
Maybee,
Meighen,
Messervy,
Mewburn,
Morand,
Mullins,
Murphy,
Nicholson,
O'Neill,
Peck,
Perley (Sir George),
Pettit,
Preston,
Price,
Quinn,
Robinson,
Rogers,
Ross (Kingston City),
Rowe,
Ryckman,
Ryerson,
Senn,
Short,
Simpson,
Sinclair,
Smith,
Smoke,
Spence (Parkdale),
Stansell,
Stewart (Leeds),
Stirling,
Sutherland (Oxford South),
Sutherland (Oxford North),
Thompson,
Tolmie,
Tummon,
White (London),
White (Mount Royal),
Wilson (Wentworth),
Wright.—107.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Boys,
Edwards (Frontenac),
Edwards (South Waterloo),
Harris,
Langworthy,
Stinson,
Doucet,
Stevens,
Bourassa,
Casgrain,
Dubuc,
Euler,
Lacroix,
Langlois,
Robitaille,
Mercier (St. Henri),
Goodison,
Speakman.

Mr. BOURASSA: I had agreed to pair with the hon. member for Red Deer (Mr. Speakman), otherwise I would have voted against the ruling.

Mr. CASGRAIN: I was paired with the hon. member for North Simcoe (Mr. Boys). I would have voted in support of the ruling had I voted.

Mr. EDWARDS (South Waterloo): I was paired with the hon. member for North Waterloo (Mr. Euler). Had I voted I would have voted against the ruling.

Mr. CULLIGAN: I was paired with the hon. member for Gloucester (Mr. Robichaud). Had I voted I would have voted against the ruling.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

COMPENSATION TO RURAL POSTMASTERS

Mr. WILSON (Vaudreuil-Soulanges):

1. In view of the return to two cent postage on July 1 next, is it the intention of the government to revise the rates of compensation of rural postmasters?
2. If so, from what date?

Hon. Mr. LAPOINTE:

1 and 2. It is realized that the adoption of the two cent letter rate on 1st July next will result in a substantial decrease in the revenue of rural post offices. As rural postmasters are paid on a commission basis, there would be a corresponding decrease in their salaries, unless their rates of compensation are increased.

As postmasters' salaries are based on the revenue of the previous year, two cent postage would not affect their salaries in any event until 1927. In the interval, the question of an upward revision of the rates of compensation of rural postmasters will receive sympathetic consideration by those who are charged with the duty of fixing the rates.

QUESTIONS PASSED AS ORDERS FOR RETURNS

LUMBER IMPORTS 1922 TO 1925

Mr. LADNER:

1. How much lumber was imported into Canada from the United States and used for government works during the years 1922 to 1925, inclusive?
2. How much of such lumber imported from the United States was of Canadian origin?
3. What was the total value of lumber imported from the United States and used for government works from 1922 to 1925, inclusive?
4. What was the total value of Canadian woods used in government works in the same period?
5. What was the total value of other products imported from the United States from 1922 to 1925, inclusive, and used in the construction of or the operation of Canadian government works?

RAW SUGAR, ETC.

Mr. ARMSTRONG (East Lambton):

1. What is the price of raw sugar per 100 pounds such as is imported into Canada from the West Indies and Australia respectively at the port of shipment?
2. What is the freight per pound on raw sugar imported into Canada from the West Indies and Australia, and what is the rate of duty per pound on the said raw sugar coming from these countries into Canada?
3. How many pounds of butter has been imported into Canada since January 1, 1926, from Australia, New Zealand and the United States, respectively?

LIVINGSTONE CHANNEL SIGNAL STATION

On the Orders of the Day:

Mr. E. J. GOTT (South Essex): Mr. Speaker, I should like to make inquiry of the government, particularly of the Minister of Marine and Fisheries (Mr. Cardin), to whom I have forwarded a copy of this inquiry, whether or not permission has been given by the government, through the Department of Marine and Fisheries, to an American marine reporting firm known as the J. W. Westcott & Company, marine reporters of Detroit, Michigan, to establish a marine reporting station at the head of the new Livingstone channel, lower Detroit river, two miles above Amherstburg, Ontario, in Canadian waters, and on a Canadian government-owned lighthouse? If not, has a permit or license been issued to the Lake Carriers Association to use the lighthouse? Has the department been advised that the interested parties are preparing to lay the cable to the lighthouse from the Canadian mainland for their exclusive use? Have any protests or representations from Canadian residents been made to the government in opposition to the proposed permission granted to the American marine reporting company; and, if so, what action has the government taken up until to-day?

Hon. P. J. A. CARDIN (Minister of Marine and Fisheries): Mr. Speaker, I desire to thank my hon. friend for his courtesy in sending me a copy of his question. On March 12 last Mr. J. N. Arthurs, superintendent of lights for the Parry Sound district, submitted an application from the Westcott Ship Reporters and Vessel Agents of Detroit, for permission to establish a signal station on the pier of the Livingstone channel light station in the Detroit river. He represented that he knew of no reason why the application should not be granted. On March 30 he again directed attention to the application previously made. The matter having been considered, the department advised on April 1 last that the permission sought might be granted. Nothing further was heard about the matter until April 29, when a telegram was received from Mr. A. F. Healy, of Windsor, Ontario, advising that there were protests against the granting of the permission referred to. On May 1 the Westcott Ship Reporters and Vessel Agents were advised by telegram to stay operations in connection with the establishment of the proposed station. On the same date the Westcott Company advised the department by telegram that operations were stayed. Meantime the harbour master at Amherstburg has been requested to report the grounds upon which the objections to the establishing of a station are based.

That is the situation at the present time. No request has been made by any other company.

FISHERY AND FOREST AIR PATROLS

On the Orders of the Day:

Mr. W. G. McQUARRIE (New Westminster): Might I ask the Minister of Marine and Fisheries if he has considered the matter of the abandonment of the air patrol of the British Columbia fisheries, which I brought to his attention on May 3, and if he has any announcement to make.

Hon. P. J. A. CARDIN (Minister of Marine and Fisheries): I may say to my hon. friend that the matter has been considered, and that at present we are in communication with the Department of National Defence with a view to continuing the service.

INQUIRY FOR RETURN

On the Orders of the Day:

Mr. M. E. MAYBEE (Northumberland, Ont.): On March 22 an order for return was passed with reference to the dismissal of one John Hanna. I would like to ask the Minister of Railways (Mr. Dunning) why that has not been brought down.

Hon. C. A. DUNNING (Minister of Railways): I will see why the return has not been brought down.

EQUALIZATION OF FREIGHT RATES

On the Orders of the Day:

Mr. L. J. LADNER (Vancouver South): I observe the presence of an old friend, Mr. John Oliver, Premier of British Columbia, and as the Prime Minister and the Minister of Railways are in their seats, I would like to ask the government one or two questions. Has any application or representation been received by the government from Mr. John Oliver, Premier of British Columbia, relating to the reduction or equalization of freight rates by this parliament? If so, is the government considering action on the question of freight rates, by act of parliament or otherwise?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Perhaps my hon. friend will let me answer that question to-morrow. At the moment I cannot speak for all the members of the government, and I would like to make sure first whether representations have been received in any quarter.

Mr. MEIGHEN: Perhaps the Minister of Railways could answer the question now.

Mr. DUNNING: The answer of the Prime Minister is quite satisfactory.

Mr. MACKENZIE KING: I do not believe the matter is one of urgent public importance, and I think an answer to-morrow will serve.

Mr. LADNER: We in British Columbia believe it to be a matter of great importance. May I ask the Prime Minister, in making the announcement to-morrow, to also refer to the question of the application for the return of the Peace River block and the Dominion railway belt.

Mr. MACDONALD (Antigonish): Put the question on the order paper.

Mr. MACKENZIE KING: I think if my hon. friend would put his question on the order paper it could be answered more satisfactorily. I will try to give him a prompt reply if the question is placed on the order paper.

PROPOSED CHANGES IN THE BUDGET

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): On several occasions I, or others on this side of the House, have asked the government through the Minister of Finance (Mr. Robb) whether any changes were proposed to be made as to the budget. At first we received negative replies, but on the last two occasions the replies were certainly not negative, whatever else they were. I am receiving reports of a character which I cannot ignore to the effect that very extensive changes are proposed. I would like to ask the Minister of Finance if he proposes during this debate—and if so at what early date—to advise the House of the changes thus proposed, or is he prepared to let the debate become purely academic?

Hon. J. A. ROBB (Minister of Finance): My observation, Mr. Speaker, is that the debate has been academic for some days, and I am very anxious that we should reach a division. The last time my right hon. friend asked this question he said he was anxious to make a speech but did not like to do so if there were to be any changes made, and I said he would be quite safe in making his speech. I have no other reply to-day.

Mr. MEIGHEN: I would like an answer to my question. I ask the Minister of Finance again, as plainly as I can put it, if he proposes budget changes, whether of importance or not, and if so, whether he proposes to let the House know about them whilst the debate is proceeding.

Mr. ROBB: I have no reply to give to my right hon. friend other than what I have already said. He knows that in committee representations are frequently made and considered. If my right hon. friend has any suggestions to make when we get into committee I will be very glad to listen to them.

Mr. MEIGHEN: I must ask the government to answer yes or no. There is no reason why that question cannot be answered. Does the government propose, whether in committee or before, substantial changes in the budget presentation?

Mr. ROBB: My answer to that question is no.

Mr. MEIGHEN: No substantial change?

THE BUDGET

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

The House resumed from Wednesday, May 5, the debate on the motion of Hon. J. A. Robb (Minister of Finance) that the Speaker do now leave the chair for the House to go into committee of Ways and Means, and the proposed amendment thereto of Hon. R. J. Manion.

Mr. A. D. CHAPLIN (Kent, Ont.): When the House adjourned yesterday, Mr. Speaker, I was dealing with the sugar beet industry of western Ontario. I would like now to refer to what the sugar beet industry has done for immigration. During the past sugar beet season 3,000 Hollanders and Belgians worked in the beet fields of the county of Kent, and when not employed in those fields, some of these men work in the tobacco fields and also do mixed farming, thus very materially assisting production. Four hundred Hollanders and Belgians are now located on their own farms. These men had to be assisted into Canada by the sugar beet company a few years ago, and arrived with no money at all. They are very thrifty and have their own farms, well cultivated and in splendid condition, and are making the very best of Canadian citizens.

With regard to the Petrolia plant, construction was discontinued after several hundred thousand dollars had been spent by the farmers, due to the action of the government in placing an excise tax on beet sugar in 1922, and in cancelling this tax in 1923, substituting for it a reduction in protection twice the amount of the tax. This gave the cane sugar refineries a little better protection than they had previously enjoyed, at the same time reducing the protection to beet growers by 50 cents per ton. I am not holding any brief for the sugar company, but they have been doing a good work in bringing immigrants to this country, and that industry has been responsible for placing these 400 Hollanders and Belgians on the land.

While on the question of protection I would like to make a reference to the woollen industry of Canada. As a result of the action of this government a great number of our woollen mills were closed practically over night, which leads us to wonder what business is safe. And what did the reduction in woollen duties mean? In the mill which was closed in Chatham it meant less than 24 cents a yard on suitings and overcoatings, or less than $1 on a completed overcoat. I believe the same thing would apply to other mills now closed, and for that one dollar no one received any benefit; suits and overcoats cost as much now as they formerly did, and thousands of men have been thrown out of employment. That may not seem quite correct; such a statement may require a little explanation. I would like to draw attention to the experience of the United States in connection with the woollen industry. Mr. Fordney, of the famous Fordney tariff—the man who put a 42 cent duty against our wheat entering the United States—saw that their woollen manufacturers were in danger as a result of the importation of foreign woollens. He said, "We have the highest standard of living in the world, and we are not going to have it lowered by allowing cheap labour products to come into this country." So Mr. Fordney raised the duty to 100 per cent, and the United States mills are busy to-day.

Now for the explanation I promised. I said that thousands of employees of woollen mills were thrown out of employment. I should have said that they are out of employment in Canada. Many of these men have moved to the United States where they have secured jobs in factories which are sufficiently protected and are running, so they have merely changed their place of employment. It may be argued that there are some woollen mills running in Canada. Some may be running in the hope that a Conservative government may soon be returned to power. Others are running, but it is a safe bet that they are running for cover, and not for profit.

I have heard about the Simcoe mill as one which is running, but I would like to tell this House that the manager of that mill recently passed away. The business of running a woollen mill in this country to-day is enough to kill the most stout-hearted manufacturer. During the late election campaign the Hon. G. N. Gordon, who ran into a Peck of trouble in the late election, asked one of the large woollen manufacturers not to put out any woollen election propaganda, saying "We will fix you all right." This promise was entirely unnecessary, for his government had already fixed the woollen industries, but, unfortunately, it was not "all right"—it was "all wrong." This same gentleman was slated as Minister of Immigration in the new cabinet. I was greatly, surprised one day to read the Prime Minister's speeches out in the prairie provinces pleading for Liberal supporters instead of Progressive members. He also stated he would like to have his Immigration minister from that part of Canada. I could

not understand just what he meant, having already one Minister of Immigration, but it struck me all at once that it was not immigration he had in mind, but emigration. He wanted the Minister of Immigration at Halifax or Montreal to count the immigrants coming in, and a Minister of Emigration at Windsor or Niagara Falls to count them going out— and the Minister of Emigration, I believe, would be the busier of the two.

The protective policy which I am advocating for the woollen industry is the policy which will prevent people from leaving this country by providing employment for them in Canada, and thus rendering unnecessary the appointment of a Minister of Emigration.

Speaking of the problem of unemployment. I have been surprised, as a new member of this House, and also greatly struck by the character of the comment which comes from the supporters of the government. I heard the hon. member for Winnipeg North Centre (Mr. Woodsworth) advocating government assistance for the unemployed in and around Winnipeg. Now the unemployment must be quite noticeable when a member of this House pleads for aid. On the other hand, I heard the hon. member for Sherbrooke (Mr. Howard) make the remarkable statement that times were prosperous, and that they were building a couple of factories in Sherbrooke to employ around four or five hundred hands. I would like to ask the hon. member what class of goods are to be manufactured in these factories, and also what protective tariff they will have on their goods. I believe they have a factory in Sherbrooke closed now because they can import goods from Germany cheaper than they can manufacture them. Would the hon. member for Sherbrooke be averse to a tariff that would open up that factory and shut out German goods, even if it was 35 per cent or more?

Mr. HOWARD: Will the hon. member please name any factory in Sherbrooke that is closed or that has closed down in the last five years?

Mr. CHAPLIN (Kent): The hon. member told me himself, in the Chateau Laurier, of one factory in Sherbrooke that had closed down, because the people were buying goods from Germany instead.

Mr. HOWARD: I did not make any such statement.

Mr. CHAPLIN (Kent): The hon. member for Sherbrooke, when speaking in this debate, gave the best and most concrete argument in favour of protection. His speech was notable for two reasons: first, the great volume of sound, which reminded one of the steamboat on the Mississippi with a seven horse-power engine and a ten horse-power whistle—every time the whistle blew the engine stopped. Second, he gave the best argument one could use for the Conservative national policy of protection. He stated that a factory in Sherbrooke making hose was selling its products at the same price as that at which they were being sold in the United States, although they had a tariff of 35 per cent. That clearly shows that they were not taking advantage of that tariff. But the hon. member did not say that the competition came from Canadian plants, and not from factories outside this country. That internal competition is exactly what is advocated by the Conservative policy.

It is an unfortunate fact, Mr. Speaker, that we have too much unemployment in this country. This is shown very clearly by the fact that in the last few years 500,000 of our people have been admitted to the United States and have paid the head tax, to say nothing of those who slipped in without paying that head tax, which would raise the number to probably 700,000. Now, Sir, supposing these 700,000 had refused to go to look for work in the United States. Would the hon. members still say that there was no unemployment in this country? They had jobs here once. Where have their jobs gone? On top of all this, we hear of the great "wave of prosperity" which is spreading over the country. This wave of prosperity seems to be based on the reports of our wonderful exports, and how they so greatly exceed our imports. But the man out of work with a family to support says in regard to these export statistics: They may be good food for the brain, but they are not much good for the stomach.

The Liberals cry aloud in this House and in the press when five or ten thousand of our people come back from the United States, but when the five hundred thousand of our people left this country, paid head tax and entered the United States, they wept not. It seems to me that the business of this government is the closing of factories. Dun and Bradstreet's will show that. They also seem to make it their business to buy goods from the United States rather than in Canada, as our import statistics will show. Further, I would like to draw the attention of this House to what the government is doing in regard to supplying members of this House with articles of everyday use. If hon. members will look at the penholders on their desks, or at the

lead pencils furnished to the members of parliament and their rulers in their rooms, they will notice that these goods are all made in the United States.

I do not think there is one member who would condone buying our supplies for this House anywhere but in this country. We read in the press all over this Dominion, "Buy at home", "Buy goods made in Canada." Mr. Speaker, the running of this country by parliament is the biggest business in Canada, and we should set a good example to the rest of the people by buying nothing outside that is made in Canada. If it is that these articles can be bought cheaper in the United States, then we need a higher tariff. I will make this statement, that if there were any members or ministers in this House who made pen-holders, pencils or rulers, that order would never have gone to the United States. Now, Sir, the buyer in this department has some reason for going out of the country to buy these goods. It is either precedent or blockheadedness. If it is precedent, then for heaven's sake, Mr. Minister of pens and pencils, have it cut out. If it is blockheadedness, then all I can say is this: If this buyer thinks he might lose his head to make pens and pencils, he is in no danger whatever; his head is not wood, it is plain, unadulterated petrified bone.

But that is not all. Not long ago I was riding on the Canadian National railway with a friend of mine, and while in the dining car we asked for jams. We got jams made by Sprague, Warner and Company, Chicago. You have heard of taking coals to Newcastle, but that is a bedtime story to this. Sir, a man who would buy a pound of jam outside of this country when there are millions of pounds made here should be put in that big house at London, and in a padded cell for his own safety, and seven of the worst inmates could then be let out and that institution would be still to the good.

May I say in closing, Mr. Speaker, that what we are striving for is a tariff that will give adequate protection to our farmers, that will foster our industries—especially the automobile, the sugar-beet and the woollen industries—and promote the greatest measure of prosperity for the masses.

Mr. F. G. SANDERSON (South Perth): Mr. Speaker, I trust the House will bear with me this afternoon in the brief remarks I purpose to make on the budget. First of all I congratulate the Minister of Finance (Mr Robb) upon the budget he brought down on April 15th. I think it can be fairly and honestly stated that it is a budget which is for the benefit and will tend to promote the material welfare of the masses of the people of this Dominion—and after all the great masses of the people really form the backbone of any country.

The budget contained, perhaps, the most welcome news this Dominion has received for several years. During the last seven or eight years following the war a commercial depression, not confined to Canada but world-wide in its character, was experienced. The recent deliverance of the Minister of Finance indicates, however, that so far as business conditions are concerned Canada is emerging from darkness into light. He was able to announce a large increase in the trade of the country and, what is of more importance, a decrease in the national debt to the extent of some $23,000,000. Even more vital in its character was the announcement of a drastic cut in taxation the benefit of which will be felt by all persons who are in receipt of moderate salaries or who possess moderate means. Therefore, I say, Mr. Speaker, that the recent budget was one of the most cheerful budgets that has been delivered in this House for many years.

Hon. gentlemen opposite, or at least most of those on that side who have spoken in this debate, have grudgingly admitted that there is an improvement in the trade of Canada and that the financial position of the country has been strengthened in the last year or two, but they all maintain that this improvement is due to a kind Providence. The hon member for North Battleford (Mr. McIntosh) referred to this matter yesterday afternoon, but prior to his speech I had prepared some notes on the same point and notwithstanding that it may involve some repetition I am going to inflict them on the House. The hon. member for South Wellington (Mr. Guthrie), following the delivery of the budget speech on April 15th, admitted that conditions were improving in Canada, but he said the credit was due to a kind Providence. The hon. member for Fort William (Mr. Manion) spoke along the same line but went even further. In this connection let me say,—I do not offer the remark in any unkindly spirit, and I hope it is not presumptuous coming from a new member—that I have come to the conclusion that the latter hon. gentleman goes to a greater extreme than any other member opposite when he rises to address the House. For the benefit of the House I shall quote the remarks of the hon. member for Fort William on the occasion referred to. At page 2625 of Hansard of April 20, the hon. member is reported to have made the following statement:

> I admit that luck has been with this government; that Providence, by giving Canada these greater crops, has shown some favour to the present administration,

but there is a Providence, they say, which looks after drunken men, and I presume the same Providence looks after governments who are drunken with the desire to hold power in spite of the wishes of the people.

Some hon. MEMBERS: Hear, hear.

Mr. SANDERSON: Some hon. gentlemen across the way say, "hear, hear." I am glad to get that recognition from them. Let me say in reply to the hon. member for Fort William that we on this side believe in Providence, and that we think Providence works sometimes in a most marvellous and mysterious manner, not always as we wish or hope or pray, but in a manner that is for our ultimate good. I think, Mr. Speaker, that perhaps a kind Providence had something to do with defeating the government that went to the country in 1921; that Providence did then operate in a way that worked for the good of Canada. I think also that a kind Providence had something to do with seeing that the Conservatives did not come back to this House after the election in October last in sufficient strength to control the destinies of this country for a few years to come. Furthermore, Providence has had something to do with the votes which have been recorded in this House during the last four months; and it is not unlikely that Providence has kept the hon. member for Fort William from crossing to the treasury benches, because I do not think there is any hon. gentleman opposite who wants to reach those benches more quickly than my hon. friend. It is quite evident that although Providence sometimes works in a mysterious way those operations are for the good of the country.

I do not think I should have injected myself into this debate had it not been for the fact that certain hon. members opposite, especially those from the province of Ontario and in particular the representatives of ridings adjoining the county I have the honour to represent, have stated that they cannot support the budget, and that those who sent them here are not in favour of it. These hon. gentlemen have affirmed the belief that the budget is not for the good of Ontario, or, for that matter, for the good of the Dominion of Canada as a whole. Speaking for the constituency of South Perth I am satisfied that the majority of the people of that riding are not only in favour of the budget, but they think it will be advantageous to the province of Ontario and the whole Dominion also. Coming as I do from the province of Ontario, I am not only going to vote for the budget but I shall exert myself to the utmost in its defence.

The hon. member for North Oxford (Mr. Sutherland), who represents a county adjoining the riding for which I have the honour to sit, in the speech he made a week or two ago gave utterance to some very extreme statements. I shall take the liberty of reading one of those statements, which will be found at page 2642 of Hansard of April 20. Coming as I do from the province of Ontario, I desire to put myself on record in answer to this statement made by the hon. member for North Oxford. He said:

> This budget as a whole is what might be termed a Saskatchewan budget. That statement deserves a little explanation. The general policies in Saskatchewan seem to be policies of annihilation and assassination rather than protection, and if those members from Saskatchewan who seem to favour those policies get any more power in the House than they have shown they have, there is going to be very serious trouble for this country. The reason why I attribute this to Saskatchewan is as the hon. member for Fort William (Mr. Manion) said this afternoon, because no reference was made in the Speech from the Throne to this reduction in the tariff on automobiles.

I may be wrong, Mr. Speaker, and I speak subject to correction. I did not know that it was usual to incorporate in the Speech from the Throne the specific matters that were to be presented in the budget in regard to reductions or increases of the tariff on this article or that; I would imagine that to be a most peculiar procedure for any government to follow. The statement of the hon. member continues:

> I attribute this reduction more to Saskatchewan Liberals even than to our Progressive friends and I base this statement on part of a letter written by the hon. member for Mackenzie (Mr. Campbell) to his home paper about February 5, when he said—

I will skip two or three lines which have no bearing on the point I am making, and read from further on:

> I have noticed for the last two or three days that whenever there is any applause on the other side on account of the budget, the Liberal members applaud income tax reductions and the Saskatchewan members applaud reductions in the tariff on automobiles. That shows what the feeling of the House is on the matter.

As a member from Ontario I desire to say that I hold no brief for hon. members from Saskatchewan. I have noticed that they are well able to take care of themselves in this House when the occasion arises. Nor do I hold any brief for my good friends the Progressives, because they have shown that they are quite able to take care of themselves at all times; and this remark applies equally to my good friends from the province of Quebec. During the four months I have been attending the sittings of parliament I have never seen a single, solitary move by the members from Saskatchewan, the members of the Pro-

gressive group, or the almost solid bloc from the province of Quebec, which in any shape or form was not in the best interests of Canada as a whole. My answer to the hon. member for North Oxford is that I am not controlled by anybody from the province of Saskatchewan, but I have come to the conclusion, as a humble member from Ontario, that this is one of the best budgets that has ever been brought down in the Dominion of Canada, in that it is calculated to contribute to the prosperity of the whole country.

Hon. members on the other side of the House have spoken of the desirability of unity; they have emphasized the fact that we must have a united Canada. This statement was made particularly by the Conservative members from Ontario, including that solid bloc of Conservative members who come from the city of Toronto. I say that there is not a single member in this House who does not want a united Canada. We all want it. But, Mr. Speaker, we will get a united Canada sooner if there is a little more compromise and reason on the part of the members of the Conservative party from Ontario. The sooner they realize that Toronto is not the whole of Ontario; that Ontario is not the whole of the Dominion of Canada and that they cannot choke down the throats of the members from all the other provinces their policy of higher and higher protection, the sooner we will have a united Canada.

Coming to the budget, I will not deal at any length on the reductions in the income tax. It is obvious to anybody who has read over the schedule that there is a substantial reduction, which will benefit especially those who receive moderate incomes. I am not very much concerned about what the cut is, if any, on the income of anyone who is in receipt of $50,000, $75,000, $100,000, or $150,000 per year or upwards. But I am concerned about the man with the moderate income, and the Minister of Finance has provided for that class of people and granted for their benefit a substantial reduction. The two-cent postage appeals to everybody and I will not say anything in regard to it. The taking off of the stamp tax appeals to all and is a welcome change.

I come now to what is the most contentious matter in the budget, namely, the reduction in the duty on automobiles. Hon. members who have spoken from the opposite side of the House during this debate have taken this attitude: they do not directly criticize the reduction in the tariff on automobiles, but they hide themselves behind the argument that this is a matter that should have been referred to the Tariff Advisory Board. I am in favour of a tariff board, and I am only speaking for myself when I say I would like to see a little wider power granted to that board. In regard to referring this question of the reduction of duties to the tariff board, I think this government did the right thing when, off its own bat, it reduced the duty on automobiles. Hon. members on the other side have taunted this House with having no initiative, with hiding themselves behind commissions, with doing nothing but drift, with not having sufficient strength of character or will power to take any matter into their own hands and come to a decision upon it. When this government on its own initiative virtually decided to make this cut in the duty on automobiles they showed strength of character; they showed that they were prepared to stand or fall on that question. They showed that they had the courage of their convictions in reducing the tariff on automobiles without referring it to the tariff advisory board.

The reduction in the tariff on automobiles is not a new matter. It has been debated in this House, I understand, session after session; it has been discussed by the people, who have demanded that some reduction be made in the duty on automobiles and motor trucks imported into this country. Hon. members opposite have argued that the government had not sufficient knowledge of the automobile industry to be in a position to decide whether or not this cut should be made. While I am on the tariff I may remind the House that we have had in this country before commissions which have investigated the whole subject. In 1920, for instance, the government of that day appointed a commission to study tariff matters and that body, composed of three members of the cabinet, the hon. member for West York (Sir Henry Drayton), the hon. member for Victoria, B.C., (Mr. Tolmie), and the hon. Senator Robertson, then Minister of Labour, travelled up and down the country from the Atlantic to the Pacific. This morning I was curious enough to look up the history of that commission, but I could find no trace of any order in council appointing it. I did discover, however, that the jaunt of these three hon. gentlemen who toured Canada on that occasion for the purpose of securing information on the tariff, and presumably of giving to parliament and the people the benefit of that information, cost the country the sum of $17,153.39. I am not going to go into the details of that expenditure; I would refer any hon. gentleman interested in the matter to the Auditor General's Report of 1920-21, page F 126. Perhaps it may be observed in pass-

ing that the government appealed to the country in December, 1921, about a year after this commission, or whatever you choose to call it, had travelled up and down the Dominion.

Now, surely these gentlemen gained some information then in regard to the automobile industry along with other industries in Canada. I know, of course, that this was five or six years ago and possibly the condition of the industry now is somewhat different from what it was at that time. But I think I may safely assume that the automobile industry was prospering back in 1920 and I venture to suggest that its prosperity has increased probably fourfold in the meantime. I have been unable to find any report submitted to parliament by that commission. Although I have looked the matter up I have not discovered that there was ever published any of the information they gathered as a result of that trip, but the House will be interested to know what was contained in the Speech from the Throne as submitted on February 14, 1921, in relation to the tariff question. That speech reads in part as follows:

My advisers are convinced of the necessity for revision of the Customs tariff. In order to secure the most complete information a committee has conducted an extensive and thorough inquiry, and has secured the views of all parties and interests in every province. The hearings necessary for this purpose have now been completed, and the conclusions founded thereon will be submitted to you in due course. It is the opinion of my advisers that in such revision regard must be had to the necessities of revenue and as well that the principle of protection to Canadian labour and legitimate Canadian industries, including agriculture, which has prevailed for more than forty years in this country, must be consistently maintained; but that the Customs duties imposed to that end should be no higher than is essential to ensure good standards of living among our working population and to retain and make possible the normal expansion of the industries in which they find employment.

That apparently is the only information that was ever made public in connection with the investigation of that commission into the tariff. That was a commission of the Conservative government's own making. Three ministers of the crown went exhaustively into the subject in all its phases, and as I well remember, they visited the part of my province in which I live, interviewing everybody who might care to give evidence on any point appertaining to the tariff. They heard the views of farmers, manufacturers, bankers, artisans, labourers, mechanics; in fact, anyone at all who cared to volunteer information on the subject of the tariff was heard. It is reasonable therefore to suppose that these three gentlemen gathered, in the vast mass of information submitted to them, some knowledge of the automobile industry. In view of that probability, it is surprising to note what the hon. member for Victoria, B.C., who as I have said was a member of that tariff commission, or board of inquiry, or whatever you may care to call it, said in a speech he delivered in Kingston on April 30 last, as reported in the Ottawa Citizen of May 1, 1926:

Doctor Tolmie referred to the cut in the tariff on automobiles made by the government. "Now, I do not propose to say whether the tariff on automobiles is too high or too low," Doctor Tolmie continued. "No one could pass an intelligent opinion on this without a very thorough investigation and hearing both sides, so that I do not know under what grounds the government was able to come to a conclusion, but the general impression in the House of Commons is that they were forced to it as a result of their being under the influence of groups and their effort to run the country with a minority. It will appear to every fairminded citizen that the proper course to have pursued was to submit this to the tariff board and then abide by the finding of that body."

The hon. member should take this House into his confidence and give us the benefit of the information he gained on that trip in 1920, even if it is five or six years old.

Other hon. gentlemen opposite also have expressed their views on the reduction in the duties on automobiles and motor trucks. The hon. member for St. Lawrence-St. George (Mr. Cahan) has taken up very many hours of the time of this House during the past four months discussing various industries in Canada. He is a speaker whom we all delight to hear, and he has a wonderful fund of information on practically every industry in Canada. I have heard him discuss the milling industry, the farming industry and, if I mistake not, the textile industry, in regard to which he has given us a good deal of information. But strange to say, when it comes to automobiles, concerning which almost any man in the street can tell you something, the hon. member prefers to have a tariff board report upon the industry. He wants more information than he has at present. He confesses that he is not very well posted on the automobile industry, although he presumes to be thoroughly conversant with almost every other industry discussed in this House.

The hon. member for Toronto West Centre (Mr. Hocken) delivered in this House the other day a speech in which he sidestepped very gingerly the reduction in automobile duties. If I may say so, he made a very good speech in so far as the imposition of a duty on American magazines and periodicals was concerned, but he was not so well versed

in the automobile business. Let me read to the House what he said in regard to the reduction of automobile duties:

We stand to-day, Mr. Speaker, in the position where a great industry in this country, an industry with ramifications through all our commerce, is threatened with serious impairment, and it is threatened without investigation, without taking expert advice, and absolutely contrary to the pledges of the government as contained in the Speech from the Throne.

I have here a newspaper published in the city of Toronto in which there is reproduced an editorial from the Orange Sentinel, a publication edited by the hon. member for Toronto West Centre. This article was published between last session and this. I want to read it for the benefit of the House. For fear some hon. member may ask me what paper I am quoting from, let me say that I find it in the good Tory Evening Telegram published in good Tory Toronto. This is the editorial:

Whatever else may be done with the customs tariff at the next session of parliament—

Mark you, that is this session.

—there should be a substantial reduction in the duty on motor cars. It is clear from the price quoted in the United States and Canada that the Canadian manufacturers are charging "all the traffic will stand." The duty of 35 per cent is more than protection, it is in part a government subsidy to the makers of automobiles. As long as the motor car was purely a luxury that only the rich could enjoy, there was not much reason for complaint; but the motor car has become a necessity in business and professional life, and those who are thus compelled to buy one should not be forced to pay excessive profits to the manufacturer. A certain type of car that sells in the United States at $1,875, costs $3,100 in Canada. That is altogether too wide a spread, and is not warranted by any factor in the trade. The American makers have large production, it is true, but they pay higher wages, and there is no reason why their raw materials are any cheaper. The makers of motor cars in Canada are soaking the public unduly, and it is the duty of the government to lower the tariff, and it that way inject a little competition of American firms, which will bring down the prices.

In this good Tory paper from Toronto, the Telegram, there is another article which refers to what the hon. member for Halton (Mr. Anderson) said with respect to the duty on automobiles, I think last session. This is how he expressed himself on that occasion, according to the Toronto Telegram:

As I have previously stated, I am not a high protectionist, and I think there are some industries in this country which possibly are too highly protected. One of these, I think, is the automobile industry. This industry is making rapid strides in Canada, and in the last year this country, a country of 9,000,000 people, exported half as many automobiles as did the United States with a population of 110,000,000 people.

I understand, Mr. Speaker, that the hon. member for South Oxford (Mr. Sutherland) last session voted in favour of a resolution urging a reduction of the duty on automobiles. I do not know what he intends to do on this budget. The hon. member for Kingston City (Mr. Ross) also voted in favour of that resolution. When these hon. gentlemen declare that they do not know anything about this industry and desire full information, it seems rather remarkable that months and months ago they should have put themselves on record in favour of a reduction of the duty on automobiles.

Now, Mr. Speaker, I want to bring to the notice of the House some figures regarding the automobile industry of this country. As I stated a few moments ago, this is not a new industry. As a matter of fact the automobile is no longer a luxury, it has become an absolute necessity to ninety per cent of our people. The farmer must have an automobile and perhaps a motor truck. In business after business these vehicles are just as necessary as hydro power and steam power. I am a protectionist to a certain extent, and always have been, but when an article has become an absolute necessity and is enjoying a protection of 35 per cent, I think it is time the duty was cut for the benefit of our people, particularly when, as is admitted, the industry has passed the creeping and walking stages and is now at the running stage. I have before me statistics of the Canadian automobile industry for 1925, from which I quote the following:

New records were made in the automobile industry in Canada in 1925. In that year the production of motor cars numbered 161,970, as compared with 132,580 in 1924 and 147,202 in 1923, the best previous year in the industry; the value of output at the factories rose to $110,835,380 and exceeded that of any other year; capital employed amounted to $74,678,451,—

I would ask hon. members to note the next sentence:

—an increase of 23 per cent over 1924;—

That is, an increase of capital of 23 per cent over the previous year, 1924. I do not know, Mr. Speaker, but I suspect that a large portion of that increase was not further money invested in the industry, but represented what is known as stock "melons" to the shareholders—that the companies were pyramiding their profits and divided them to the extent of giving their shareholders further stock. I have no absolute proof that that is the case, but I think it is highly probable. Certainly it happened in the case of the Ford Company of Canada.

—employees numbered 10,301 as against 9,277 in 1924; payments in salaries and wages totalled $17,249,270 as compared with a corresponding figure of $14,219,137 in the previous year; export shipments—

This is a very vital matter, Mr. Speaker.

—export shipments valued at $39,417,614 were the highest on record; imports at $35,240,298 were greater than in any previous year, and registrations of motor vehicles totalled 728,005 as against 652,121 in 1924, when the previous high record was established.

Following that statement is a summary of production in the automobile industry in Canada from 1904 to 1925, and it shows the growth of the industry during that period. I have no doubt these figures will be of interest to hon. members and I will therefore read them:

Summary of Production in the Automobile Industry in Canada 1904-1925

Year	Number of Automobiles
1904-1916	135,000
1917	93,810
1918	82,408
1919	87,835
1920	94,144
1921	66,246
1922	101,007
1923	147,202
1924	132,580
1925	161,970
Total	1,102,202

That shows an increase of production yearly; there were some 25,000 more automobiles and trucks manufactured in Canada in 1925 than were manufactured during the twelve years from 1904 to 1916. It would therefore appear, Mr. Speaker, that this is an industry which is past the stage of pap feeding by a very high tariff; it must be at the stage where it can take care of itself to a certain extent, without being protected against competition by a high duty. The increase in exports of automobiles and motor trucks shows that these manufacturers do not altogether depend on Canada for a market, but that they have a very wide and substantial market elsewhere. I read the figures showing the exports, which amount to from 40 per cent to 42 per cent of the entire output of these Canadian factories. These automobiles and trucks are exported under very favourable terms, and I do not doubt the price paid shows a profit to the manufacturers.

To bring the purchase of an automobile right down to the individual, has there been a man who purchased an automobile during the last three or four years who, after the deal was made, did not conclude that he was paying almost more than the value of the automobile, and that he was paying an undue profit to the manufacturer of that car? If my information is correct, as I think it is, the manufacturers of automobiles in Canada do not give credit; theirs is an entirely cash business. I understand that if you order a car through your local dealer—it does not make any difference what kind of car it may be—he either goes to the factory for that car or has it shipped by rail, and he has to pay spot cash before he receives it. If he goes to the factory for five cars he has to pay for them before leaving the factory; if they are shipped by rail they are shipped with a draft attached to the bill of lading. Therefore the manufacturer runs no risk of bad debts; the poor unfortunate local agent has to carry that burden. He may not get cash from his customer; he may have to take notes running for a term of months; he runs that chance and takes the risk of loss on secondhand cars as well. So the automobile manufacturer is in a different position from the manufacturer of any other article; his is a cash business, and that is a big advantage. Anyone in business knows if a manufacturer has no bad debts on his books and does not have to give credit he is in a position to sell his article very much more cheaply than if he carried a big line of credit and had to wait for the money to come in.

I have perhaps tired the House with my remarks; I have taken longer than I intended, but I want to say a further word about my position on this question of a reduction in the tariff on automobiles. If I honestly believed that the cut in the tariff would wreak havoc, and throw thousands of men out of employment, forcing the automobile manufacturers to close their doors, I would hesitate in giving my support to it. But I see no reason why men should lose their jobs; I see no reason why the automobile manufacturers cannot carry on and still do a profitable business. It should not be necessary for them to cut the pay of their employees; they may threaten to do so; they have bluffed a good deal already in closing their doors, but I sincerely hope that such an event will not occur in reality. If that should be the case, it may be that politics will have entered into the question, which will be a very regrettable and sad thing for the country. I think, however, the government were perfectly justified in making the reduction, and I believe most of the people, irrespective of their political faith, will approve of it also.

I thank the House for their indulgence and for the patience with which they have followed my somewhat rambling remarks.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. R. L. BAKER (Toronto Northeast) (Translation): Mr. Speaker, may I, with your kind permission, address the House on the subject of this debate, it being the first occasion I have of speaking in this Assembly, I ask for your leniency and that of the House. But before broaching the subject matter, Sir, I wish to pay you my respects and offer you my congratulations on the high post you occupy as First Commoner of Canada. I also wish to congratulate the hon. members of this House on their selection of a man so dignified, courteous, capable and possessing such a sense of fairness, as Speaker of this House for a second term. I hope that you will live long as occupant of that position; but, that before long, the hon. gentlemen on this side will be sitting on the other side of the House, on your right, and those hon. gentlemen now on the other side will be here, on your left. I further wish, Mr. Speaker, on behalf of my constituents, to offer you and the hon. members of this House our congratulations.

It is a pleasure for me to endeavour for a few moments to speak the French language, out of regard for you, Sir, and those other French Canadian members in this House, and further, because as the hon. member for Laval-Two Mountains (Mr. Lacombe) expressed it, there are two official languages in this country. I endorse what the hon. member said: That French is the most beautiful language born on human lips. I should like to speak more at length in French, however I do not wish to do so to-day, because I am sorry to admit it, I have forgotten much of my French, not having had enough practice within the last thirty years and I naturally fear not to be well understood. However, I trust that, when I have been living here for a year, I shall be more successful and that some day I shall have the pleasure of delivering in the House, a speech in French. The French Canadian members in this House understand the two official languages of this country, but all the English speaking members do not, perhaps, understand the two languages; that is why, Sir, with your kind permission I shall now continue in English. But before I do so, I wish to express a wish: I think it is necessary to have in this city a French speaking club to study and converse in French. I propose that the name "Le Club Lemieux" be given to it, and I would like to have the honour of being a member of this club so as to endeavour to speak the French language perfectly, and this, for me, would require a long practice. I also endorse the views of the hon. member for Bonaventure (Mr. Marcil), when he says that it is an excellent thing to speak two or three languages.

In view of the fact, Mr. Speaker, as I previously pointed out, that this is the first occasion on which I have had the honour of addressing this or any other parliament, I know you will extend to me the same generous, kind consideration that you have always shown to those who are making their first speech in this House. I trust that hon. members will bear patiently with me while I express my views on the question before the House, to do which, I understand, is my privilege, as well as my duty, as I see it, to my constituents.

I wish to refer to two occasions upon which remarks made by me were referred to in this House. The first occasion was when the hon. Minister of Justice (Mr. Lapointe), acting as leader of the House—which duties he performed so well—said that one of the members from Toronto, addressing his constituents, "made the following remarks" to which he took exception. In order that the onus shall not be placed on any of the other Toronto members—I presume they have enough troubles of their own to bear—I think it will be well for me to state that I did make the remarks in question to my constituents before coming to the House. I said at that time that I considered it was inconsistent for the Progressives to vote, because, as I explained to my constituents, they dissented from both the other parties in the House; that the people of the districts which they represent also dissented from the two old parties, and therefore to be consistent they ought not to vote in the original division in the House which sought to determine who had the right to govern the country. I have nothing to withdraw regarding that statement, and although it seemed to annoy some people I thought it expressed my conviction as to what should be the correct course on the part of the Progressives. I still think that if they had followed that course they would have taken the right stand, and by abstaining from voting at that time the business of the House would be further advanced than it is to-day, and they themselves would not have made any less progress than they have to date. I do not feel called upon to withdraw the statement I made at that time, although it seemed to annoy a few hon. members of this House. I am still of the opinion that had the course which I outlined been followed, it would have been the best policy to adopt, having regard to the welfare

of the country and the best interests, in the long run, of all parties here, including even the Progressive group.

The other occasion when exception was taken in the House to remarks made by me, was when a newspaper report was read here regarding a meeting of my constituents in Toronto Northeast which I addressed. I was speaking at the time of the hon. member for Regina (Mr. Dunning), and the ground for the comments which the hon. member for Yorkton (Mr. McPhee) made depends upon which newspaper report he read. And yet there is nothing to find particular fault with in the one report any more than there is in the other. Nor could any particular objection be offered to anything I said on that occasion. I was expressing my views to my constituents with respect to matters in Ottawa. I did not do that with any feeling of ill will or of malice towards anybody, and the use of the word "cub" had no ill intent behind it as respects anyone. I am pleased to recall that on the occasion when the hon. member for Yorkton brought the matter up in the House, Mr. Speaker was good enough to say that there was not much harm in the word "cub." We know that the word "cub" is used continually by students in a university or college; and it is quite common on their part to make use of the word "freshmen" also with respect to newcomers. I have heard the word used in a much more friendly sense even than this. Of course there are idioms in everyone's language, and idioms are frequently employed in the course of conversation. I have often made use of the expression in speaking to my own grandson: "Come here my little cub, I want to talk to you." In such a case as that the expression would be meant as a term of endearment. Very frequently I have used the word in that sense, so that when I uttered it at the meeting in question there was no thought of malice towards anybody, and no harm was intended.

In bringing me to task the hon. member for Yorkton referred to me as a "denizen" from Toronto. The hon. gentleman, perhaps unintentionally, made an error there; I know he would not have erred intentionally. Now referring to Webster's dictionary, which I found in the library, I found the definition of "denizen" to be: "one admitted to residence with all or part of the rights of citizenship." So my hon. friend was absolutely wrong when he called me a "denizen," because I was born in this country, as were the two generations that preceded me. There was therefore a slight error on the hon. gentleman's part. I do not apply the name "denizen" to my hon. friend either; but it so happens that the word, as defined in Webster, does apply to a great many of the hon. gentlemen whom my hon. friend was quite unnecessarily defending.

The hon. gentleman used a quotation from Dryden with respect to me, no doubt composed about the year 1650. But there is another quotation from Dryden which reads this way: "As soon as denizenized they domineer." Well, I thought, after sizing the situation up, that in the days of Dryden they were talking along the same lines that I was endeavouring to follow, without any idea on my part that objection would be raised. Apparently for a long time it has been the tendency of the newcomer to want to domineer. Such a thing as that would not be very well received in the provinces of Quebec or Ontario.

I hope I have offered a full explanation of the incident in question. It was the remarks of the hon. member for Yorkton that forced me to refer to the matter in detail so that there might be no misunderstanding.

Now I should like to refer briefly to my constituency, which I believe is the custom on the occasion of making a maiden speech. I have noticed that many hon. members have repeatedly proclaimed that they are here to represent the interests of their constituency first. May I say that my constituents did not send me here in that spirit? They fully understand that this is a federal parliament whose duty it is to administer the affairs of the whole Dominion. Their desire is that I should come here and assist, as much as possible, in the carrying out of policies applicable to the whole of Canada, not merely those which will benefit my constituency or any other particular riding. They understand that the only way in which an all-Canada policy can be brought about is on the basis of live and let live, of give and take.

In the last election the policies of the Liberal-Conservative and Liberal parties respectively were presented to my constituents, and the answer was twenty-one thousand votes—and if my opponent had not been such a fine man it would have been 25,000—for the policy of safeguarding the industries of Canada by means of adequate protection, in other words, the policy proclaimed by the Liberal-Conservative party. That is the wish of my constituency. They desire to see protection applied to industry, whether agricultural or manufacturing. The policy declared by the right hon. leader of the opposition (Mr. Meighen) in this House on June 2 last is the policy that I am here

to uphold, and the policy that my constituents think is for the best welfare of Canada as a whole. The feeling of my constituency in general is that we should work together; let the centre use the coal and iron of the east and the coal and wheat of the west, and let the east and the west in turn use the products of Ontario and Quebec. Such a policy we believe is feasible; that is the only way we can bring about a united Canada and bring prosperity to the whole of the country.

The last speaker this afternoon (Mr. Sanderson) mentioned the great desire along the lines of unity in Canada. I do not think, if I may respectfully say so, that he started very well when he made an attack on Toronto and Toronto members, and to that I consider it my duty to take exception. I do not know that any hon. members from the city of Toronto made any attack on the hon. member or his constituency, nor do I think they have the desire to do so. Toronto in no way considers that its members have any more privileges than any other members in this House. They know they have not, and have never assumed to have, which is quite contrary to the statement made by my hon. friend. The members from Toronto as a rule adhere very closely to the basis of protection and the safeguarding of industry. That is largely the policy of the people of Toronto. But my hon. friend must not think that they are doing it with any ill intention to any other part of the country. They conscientiously believe that that is the one policy that will build up every constituency in Canada, and that is why they uphold that policy. If I may respectfully suggest it, the hon. member, in talking that way, while he made a great appeal for concord, is really talking discord. I am sure it will be agreed that the less discord we have in this House the better.

Mr. SANDERSON: Will the hon. member permit an interruption? I am glad he has come to that frame of mind, and it is a pity he did not arrive at it before he delivered his speech in Toronto attacking the Liberal members from Saskatchewan.

Mr. BAKER: I am very sorry if I have annoyed the hon. member in any way. I did not intend to do so

Mr. SANDERSON: The hon. member has not annoyed me at all.

Mr. BAKER: Referring to the budget, I think the government ought really to be very grateful to Providence that they were able to do so well for the year ending March 1926. I am quite positive that it was not because of their fiscal policy, a policy which drove 500,000 registered Canadians to the United States and likely 100,000 to 200,000 more who were unregistered. If we had not been blessed with bountiful crops it would be quite another story. Providence sometimes expects us to help ourselves by good judgment and good policy. Some people have said that this is a poor man's budget. I cannot quite see it that way. In fact I claim that if the fiscal policy of this country were correct we would not be in need of any poor man's budget; there would not be any poor man. Why should we have a fiscal policy which will produce the poor man, and then make a budget to help him? I do not think that is good business; it does not sound reasonable.

One hon. member called this budket a "common people's budget." I do not accept that word "common". I do not think it is up to date in this age at all. Some people say it is the people's budget. In my opinion it is nothing but a straight clean-cut political budget, designed for election purposes, regardless of the results to Canada. It is a political budget designed to catch votes for the government rather than to encourage investments in industry, to improve our internal trade conditions and increase prosperity throughout the country.

There are many arguments which I could present against this budget, but the points I am bringing forward in discussing it may show why I come to that conclusion. The estimates—which are only estimates—show a credit for the year ending March, 1926, of possibly $22,300,000. That is pretty close sailing; however, it is better than showing a deficit. We must remember, of course, that we paid very heavy taxes to get this amount of $22,300,000. We paid more than that amount in taxes, and we paid more than we should have paid, so that this showing is only made on the excess collection of taxes plus the assistance of prosperity. It is very gratifying to see the improved condition of the National railways. It is good to see that they are gradually coming to the point where the loss is less and less each year, and we hope they will soon be able to show a profit instead of a loss and be in a position to pay the interest they owe the government, meet the commitments involved in the guarantees, and so on. We are glad to see that Providence has helped us in the receipts from the railroad. It has subscribed a good deal, but I think the railways could be assisted to come to a paying basis much quicker, or at least as quickly, by an increase of population, which I suggest can only be brought about by an increase of work in this country for the work-

ingmen. This can only be accomplished by having a full and adequate tariff to protect the industries in which these men may be employed, whether agricultural or manufacturing. We have an excess of exports over imports to the extent of $402,000,000. If we were to add to the imports the smuggled goods, of course that would make a considerable difference. This is only taking into consideration the visible, and if we were to take into consideration the invisible it would make an even different showing. And by the time you made the addition of invisible imports and exports you might find the $402,000,000 gradually dwindle down to a much lower point. For example, we pay in interest to foreign countries $350,000,000 annually. The lumber, pulp, mining products and so on that we export, amount to $369,000,000. That is produced largely by United States and English companies—more largely by United States companies—and all Canada gets out of it is the labour. The value of the goods less the labour goes to the United States; we do not reap the benefit of that. We have here again an increase in the imports of $131,000,000 over those of last year. I do not think that looks very promising, when we know at the same time that our population is leaving the country for want of employment. Then again a question we should consider in connection with these figures is how much of this $796,000,000 of imported goods we should have made in Canada. That should be considered from the point of view of good business—the excess of exports over imports. That to me is a very vital point. If we bought $400,000,000 less we would have $400,000,000 less to pay to foreigners, and that would give us much more to add to our pay rolls at home.

Regarding the export of $1,350,000,000 of our raw material, this should have been manufactured at home and exported in the finished article, or almost finished article, thereby giving employment and paying wages at home. These are the points that deserve deep study in connection with these figures. It looks very good on the surface to speak about our exports, but to get back to the facts, how much have we exported in the raw that we should not have so exported, and how much have we imported that we should not have imported in the finished article? A consideration of these points is essential if the country is to be put on a sound basis in the matter of internal trade. The success of a country does not necessarily depend upon excessive exports. We might export more and more of our raw materials until our resources were entirely depleted, and although from the standpoint of statistics we should be in a prosperous condition it is obvious that the contrary would be the case.

In the matter of income taxation, I am glad to see that married men have been exempted up to $3,000. I am also happy to note that unmarried men will have to pay a little more: I think they should and can afford to. One inconsistency in the budget is in my opinion the simultaneous reduction in duties and in income tax; I do not see how this is going to work out. Of course we shall not know until the end of the year, but it seems to me that, with a reduction in duties, more goods will be imported and consequently there will be less activity in home industry, so that there will be less to collect by way of income tax. I am afraid the government is taking a long chance of having an improvement of conditions in the coming year, but if Providence is not equally as good to us as it was last year in the west, then undoubtedly there will be a nice balance to the bad when the reckoning is made.

The automobile question has provoked considerable controversy, and while I do not intend to deal with it at any length, seeing that it has been very well discussed on both sides of the House, I do not think that anyone will dispute the fact that as a result of the reduction in duties the industry is being, and will be, disturbed. We are all agreed on that point, I think. I am in perfect agreement with the view expressed in the amendment of the hon. member for Fort William (Mr. Manion) that, had this whole subject been referred to the Tariff Advisory Board which has been appointed, the present serious situation would have been averted. As it is the lack of confidence on the part of investors in industry, due directly to the action of the government, will greatly impair industry with a consequent loss to the Dominion.

I note that the preferential tariff is to apply only to such goods as are shipped directly through Canadian ports. That is as it should be and always should have been. And as regards the tariff in relation to sugar, I agree with the hon. member for Kent, Ont. (Mr. Chaplin), who went rather fully into the matter, that the present proposal will work to the injury of Canadian beet growers. The hon. member stated his case quite clearly and I did not hear anyone contradict it. Here is another industry which the government is attacking without due investigation. Why should we give a preference to farmers in the West Indies in discrimination against our own Canadian agriculturists?

A good deal has been said about prosperity, several members opposite supporting the government having dealt at length on the point.

I do not know how the Minister of Finance (Mr. Robb) figures out that Canada is in so very prosperous a condition to-day. Suppose we have $400,000,000 of exports in excess of imports; does that necessarily imply that we are prosperous? What are the internal conditions of the country? That is the criterion. Are we yearning for people to come in to fill up our workshops to keep the wheels of industry turning? Are we advertising for thousands of men who are badly needed to meet the growing demands of industry for labour? Or, on the other hand, are our people leaving Canada to seek work elsewhere? In the answer to that question lies the evidence of prosperity or lack of it. Do not let us ask the Minister of Finance whether we are prosperous; let us go to the chartered accountants throughout the country who make up the annual statements of our business concerns, and to our bank managers. They can tell us just how prosperous we are in industry, merchandising, and so forth. Let us ask, too, the income tax department, according to whose returns we collected in 1921 $100,000,000 as compared with less than $50,000,000 in 1925. It is to such people that we must go to find out whether or not we are prosperous, and not to the speeches of men who look at these things from the political point of view. Let us get down to facts. If I am asked whether we have had prosperity in Canada in the past year I say, yes, in the west where Providence did the work. But in central Canada and the east, where the government did the damage by failing to safeguard industry by means of adequate protection, I answer, no. That is my opinion and I happen to know something about the matter, for I am in a position to learn the conditions throughout the country. I am in touch all the time with the pulse of our internal trade from Halifax to Vancouver. The exodus of our people surely is one evidence that we are not enjoying the prosperity which we are told we are having at present. If this country were as prosperous as hon. members make out, people would be coming into Canada from the United States. That is the natural course for migration. People naturally move from the older to the younger country; they do not go from the younger to the older. That is the unnatural route for people to take when they are seeking to better their conditions, and the fact that Canadians are going to the United States to look for work proves positively that things are not so prosperous in Canada.

This country is not following a rational course in the matter of tariff policies and budgets. Surely the right thing to do in connection with any business or undertaking is first to lay your plan and then to work it out. On that principle, should we not first decide whether we in Canada desire to be an agricultural community, pure and simple, or a nation devoted to a happy combination of agriculture and manufacturing? Should we not decide that question first, and then go ahead? If we settled that point we would be kind enough to stop United States manufacturers coming into Canada and spending large sums of money putting up plants which sooner or later, as a result of interference with the tariff, will not be required? On the other hand, if we decided that we needed both agriculture and industry, we could stop people coming here with the mistaken idea that we were a free trade country and that we did nothing but grow wheat for export. We could, too, by coming to a clearcut decision let our young people know in time whether it would be worth their while remaining in Canada or saving so many years of their lives by getting out of the country. Just think of the millions of dollars we are spending educating thousands of our young men simply to see them pouring over the line into the United States. We could stop that waste if we had a decisive policy as to what we intended doing. Surely we should have some such policy and pursue it instead of following, as we are doing now, a course that offers no encouragement to industry or business and that holds out no inducement to our workingmen to remain in Canada.

Some people ask the question whether Canada is adapted to manufacturing, and there are those who say that it is essentially an agricultural country. I say that Canada is suitable for manufacturing. Do hon. gentlemen realize that we can produce manufactured goods 300 days in the year, whereas agriculture can produce only for a short period in each year? Some hon. gentlemen say that our climate is a handicap; I think we talk too much against our climate.

Mr. WARD: I do not think the hon. member is familiar with agriculture or he would not make that statement, that agriculture is carried on for three or four months of the year.

Mr. BAKER: Let me substitute for "three or four months," if I said it the words, "a lesser portion of the year."

Mr. WARD: On a properly adjusted farm operations are conducted throughout the whole twelve months. A very small percentage of our farmers are engaged in wheat-growing only.

Mr. BAKER: Then it is too bad that such a small number should control the country; that is not majority rule. Now, Mr. Speaker, I think we should talk less about the rigours of our climate; it is bad advertising. I think the House will agree with me that Canada's climate is all right.

With respect to our export trade, I do not think we should be too ready to boast about it. For example, England has a larger export trade per capita than United States, but she suffers from much more unemployment per capita.

Again as to the budget, Sir, I should like to have seen the Minister of Finance incorporate in it a tariff duty sufficiently high to exclude American journals. Those publications are tending to Americanize Canada, and the sooner such propaganda is checked the better it will be for this Dominion.

I should also like to have seen the budget contain an item increasing the duty against imported woollens so as to revive the Canadian woollen industry. Attempts have been made to controvert the fact that this industry has suffered severely from lack of adequate protection, but there can be no doubt that this is the cause of its being in such a seriously depressed condition to-day. Of the thirty million dollars' worth of woollens we imported last year, considerably more than half could be manufactured in this country if the industry were adequately protected, and this would give employment to a large number of men. It must always be borne in mind that "the man follows the job," and if you want lots of population you must provide lots of jobs. In the course of his speech last week the hon. Minister of Public Works (Mr. King) stated that last year we imported only thirty million dollars' worth of woollens as against forty-five million dollars' worth in 1921, and he appeared to derive considerable satisfaction from this apparent decrease. But we must remember that prices last year were away down compared with those which prevailed in 1921, and therefore the apparent decrease of importation may be good for political purposes but it is misleading. Besides, to really judge the volume of this business we should have regard to the yardage, not to the money value. The following figures will bear out my contention:

Yards Imported	
1921	1925
Overcoatings	
69,031	351,175
Tweeds	
2,585,833	3,327,760
Worsteds and Serges	
6,552,434	9,756,954

And so on down the list. This shows that while the figures presented by the minister apparently bore out his contention they did not represent the facts, and that the real condition of affairs can only be realized when the importations are stated in terms of yardage. We bought tremendously greater yardage in 1925 than in 1921. It is yardage that gives employment, and it is employment we want, for employment brings population.

Now, in framing a budget I think consideration should be first given to labour—in other words, to employment. A protective tariff, it must be remembered, is not simply to protect the manufacturer; this is purely incidental; the prime purpose of such a tariff is to protect the wages of the working people. In short, the safeguarding of our industries is primarily to protect the wage-earners of this country so they can work in Canada at high wages which will enable them to maintain the Canadian standard of living, not at such wages as are current in mid-Europe and Japan, where the standard of living is deplorably low. When discussing the budget the hon. member for Winnipeg North Centre (Mr. Woodsworth) pleaded for a minimum wage regulated by the cost of living. Well, so it should be, and we hope that the minimum wage of Canadian workers will always be a good liberal wage. But I cannot see how it is possible for him to consistently plead, as he no doubt conscientiously does, for that laudable objective and at the same time vote against the only party in this House with a policy which will assure to the working people of Canada a minimum wage sufficient to meet the high cost of living. One thing we have to contend with in this House is inconsistency, and I address these remarks to the hon. gentleman in the most kindly spirit and in the hope that he will see his way clear to support the party that is supporting the people whom he is supposed to be representing. I hope he will represent them by taking this course, for there are no people in the world more worthy of proper representation than the labouring people of Canada. I hope he will accept my suggestion and support the amendment of the hon. member for Fort William (Mr. Manion), and so make certain that labour will not be interfered with in the future by a government which fails to properly look after the interests of the working people. We have seen this government ignore the tariff board which it recently created and then take the bull by the horns and shake the automobile industry all to pieces, thus throwing our working men out of their jobs.

My hon. friend from Winnipeg North Centre has also pleaded, and quite properly, for the relief of unemployment. Might I respectfully suggest to him that the greatest relief he could possibly give them would be by supporting the fiscal policy of the Conservative party which will ensure adequate protection to every Canadian workman.

As to old age pensions, Sir, I think it is a very deserving proposal, and I think every one in this House agrees with the principle; the only difference of opinion is in regard to the details of working it out. In applying this principle I think the one thing we should guard against is to so frame the legislation that it will not be possible for people to qualify for pensions who have not given their labour to Canada between the ages, say, of twenty and fifty. If they need it they should have good, reasonable old age pensions, but foreigners, after giving their labour to a foreign land, should not be able to come here and receive old age pensions at the expense of the Dominion of Canada. That is the old age pension system I think should be put in force.

Then we come to the question of population, and I think we all agree that we need an increase in population; I presume there is no argument on that point. I think it was mentioned by one hon. gentleman that we did not necessarily need increased population to be a good country, but I do not agree with that. We must have more people for our area, for the railroad plans we have laid out, for our expensive government and for our great national debt. We must increase our population and make that population prosperous by a proper fiscal policy. We know, of course, that with double our present population the per capita debt and expense of government would be so much decreased. We have now ten parliaments to govern eight million people; if they are all as good as this one, of course, they will be able to govern forty million people. Let us get the people, and it will then cost so much less per capita for government. Our railroads can handle twenty-five million people as well as they handle our present population, and the overhead would not increase, which would give our railroads a chance to show good profits.

With regard to our population I am satisfied that the only immigration policy for Canada is one which safeguards our industries by adequate protection. Then we will have an inflow so great that we will be able to put in a quota system and choose our population. We can take as many as we like from the United States—and let us take a large number from there; we can take a great number from Great Britain, and also from France, Belgium, Denmark, Holland, Norway and Sweden. In other words, let our new population come from Great Britain, the United States and the northern part of Europe. These people are willing to come to Canada, but they will not come and we do not wish them here if we have not employment for them. But there is a way to provide that employment, and only one way.

We have had some discussion in this House about treaties. I have many notes on this subject but I am not going into it in detail. We have a treaty with France, a treaty with Belgium, a treaty with Australia, a treaty with New Zealand and so on. So far as I can see —and I say it fearlessly, because it is only my own humble judgment—this government are very poor treaty makers. That is shown in so many ways, and although the farmer—but I will not say the farmer, rather the farmers and grain growers of this House—

Some hon. MEMBERS: Oh, oh.

Mr. BAKER: No, no, I do not mean that as a joke; I do not want to disqualify any hon. member. In this House we have both; I was contradicted on that point a moment ago, and I want to be as nearly correct as possible this time. They have rather belittled the fact that the Australian or New Zealand treaties may work against their interests; very well; this is another case where only time will tell, but I am well convinced of what the result will be. I am sure they will see the error of their ways very quickly and ask the House to reverse its former action. In other words, what we want is foresight and not hindsight; we should not make these treaties and then withdraw them. I think some hon. members to my left would be very glad to see these treaties withdrawn now. I believe it was the hon. member for Camrose (Mr. Lucas) who said that since these treaties were in force it was only fair and decent to give them a trial for at least six months. But I noticed the hon. member said—and I was very pleased to hear it—that he did not see why this government wanted to go to Australia for a treaty because, as he said at page 1082 of Hansard, our imports from Australia amounted to only $762,113 in 1917, while our exports to that country amounted to $6,549,546. That trade was doing very well and might have been left alone, as the hon. member suggested; there was no real need of a treaty at all. Then I have a memorandum here in regard to the hon. member for Lisgar (Mr. Brown). He said that he voted against the Australian treaty in the last parliament

because it increased the duty on raisins. I think that is a rather interesting reason.

My idea of treaties, Mr. Speaker, is that we in Canada need a treaty among ourselves; a treaty of the east with the centre and the west; of the west with the centre and the east, and of the centre with both east and west. We should expend our energy in that direction, if I may respectfully suggest it to this House. We want internal trade, a national policy for the protection of all industries; protection within Canada. There is lots of room for work; we can spend lots of time in making that kind of treaty. Why should we buy farm products from foreigners when Quebec produces such large quantities of the same farm products? If Ontario must import farm products I should say the fiscal policy of this country should be such as to enable Ontario to secure those farm products from Quebec, and not from some foreign country.

It is said that Canada is difficult to govern. I do not say that, but it has been said in this House more than once. Supposing that to be so, that should provide all the more interest; an easy job has no interest at all. If Canada is difficult to govern let us go at it hard and lose no time in getting down to business.

An hon. MEMBER: We are doing it.

Mr. BAKER: We are not getting anywhere and never will get anywhere under existing conditions here. The work of government may be difficult, but there is too much partisan politics in the game. We have five troubles in this country, with which we are all well acquainted; the fiscal policy, taxation, transportation, immigration and emigration. Our imports, taxes, salaries and incomes, no matter what their source, are all paid out of domestic production. That is where we get our money, so if we protect our production we protect the source of all our business and revenue. Hence we return to that principle which hon. members will notice I have been continually suggesting, because to my mind it is the only thing to save this country. That principle will be eventually adopted and inaugurated and will save this country, but let us save time; when you save time in a matter of such importance you save a tremendous amount of money, so let us get at it as quickly as possible; let us get right down to business, and do what we all know must be done. We must safeguard our industries by adequate protection.

On the surface, Mr. Speaker, one of the greatest difficulties we have in Canada is that conditions are unbalanced. I think if we take it gradually and look it over carefully, we will find that that is the trouble. But I do not say there should be any upset because we are unbalanced. In a business you will have departments overbalanced and unbalanced, but you will not upset that unbalanced department; by the success of other departments this one department will be allowed to find its level without loss. I mention that because I am going to make a remark in a moment about grain, and I do not want my friends the grain growers to be disturbed at what I have to say. I would not take anyone's business without reimbursing him. The country is unbalanced in this way; for the welfare of the Dominion we are producing too much wheat. If we grew less wheat for export and produced more vegetable and farm products in general and had more manufacturing, we would then be more evenly balanced and would have less trouble and less turmoil than we are having to-day. I think it quite evident that the wheat production of Canada is out of all proportion to the industries and general farming, and if you will notice, that is the root of the trouble in this House. If we would work along those lines to try to balance things up, stop growing more wheat for export until we catch up on the vegetable and general farming products and the manufacturing, we would get along better. For example, why should we import a hundred million dollars' worth of farm products which we could grow in this country, and for which we must send out wheat of the same value? If we did not do that we could consume more of our own wheat at home. I know that cannot all be done at once, but in the meantime the production and export of wheat might be kept at such a level, by a statutory process which can easily be worked out, that losses will not be occasioned in the meantime.

Mr. WARD: Is the hon. gentleman advocating a reduction in the production of wheat?

Mr. BAKER: I do not advocate that; I simply suggest the advisability of not further increasing our wheat production. Let it stand still until other forms of industry catch up. If we go ahead, and develop and overdevelop our wheat production, we will have to carry on our present expense in spreading out the railroads, whereas by stopping the increase we will do away with that. I think we will be balanced then; there will be a great deal

more harmony in this House and through the Dominion, and more prosperity to all.

I must admit, Mr. Speaker, that I am not thoroughly versed in farming; we cannot all have that pleasure and privilege, but I think it is generally admitted that these new lands now being broken in for the production of grain for export will not, in twenty years, produce so much per acre. If that is so are we not using up too much of the virgin soil of this country in the present generation for the purpose of exporting wheat to foreign countries, when that land may be required in fifty years or more for food for the coming generations? That should be also taken into consideration.

Mr. YOUNG (Saskatoon): May I ask the hon. member if he is now enunciating the policy of the Conservative party?

Mr. BAKER: I tried to enunciate the policy of my party before touching this question, but apparently I have not made myself clear. I would not like to take the time of the House in going over it again, but if my hon. friend would do me the honour of coming to my room to-morrow I would be very pleased to have a talk with him on the subject.

As I was saying, this question of the unbalanced production of wheat has to be taken into serious consideration. I hope I have the success of the wheat growing industry as much at heart as any Canadian, but if we should grow no more wheat than we are growing now, and in the meantime work out a policy whereby we could consume a greater amount of our Canadian wheat at home, I think we would be proceeding in the right direction. I have a number of quotations on United States wheat; everyone knows it is inferior in quality to Canadian wheat, but it is quoted sometimes as high as 15 cents a bushel more than the Winnipeg market.

The policy I am advocating for the balancing of trade in this country would give protection to the wheat grower as well as to everyone else; he would receive more money for his wheat, which would benefit everyone. Then again on this question of the over-production of wheat, we must remember Russia; supposing Russia should become sane? She is on the road to sanity now, and what about wheat when she gets back to normal? I read the other day of a shipment of 30,000 tractors from New York to Russia, which were paid for by cash. If the wheat fields of Russia are opened up I presume we cannot produce wheat as cheaply as it can be produced in that country. They are in close proximity to England, and England will buy where she can get the grain the cheapest; then where shall we find a market for our wheat? The United States will not take it; Russia will be supplying England, and what are we going to do with our hundreds of millions of bushels of surplus production? Why not see that possible trouble ahead and stop now this excess production? Let the grain grower see the true light and start to build up a home market in Canada, looking forward to that possible menace in the future. I call that good business. Do not wait until the trouble comes, and then say: Oh well, we used to send all our wheat to Europe but Russia has the market to-day. And we must remember that there is the Argentine also supplying wheat to the world's market. The standard of living in these competing countries is low compared with ours, and what are you going to do then? The one salvation for the western wheat grower, and he is coming to see it, is to build up a home market in this country, and that is the policy advocated by the Conservative party.

There are many viewpoints of protection, but I would like to give a quotation you have all heard before very often; to my mind it is so good that I do not think anyone can hear it too often or dwell upon it too much. It is a quotation from Abraham Lincoln, and it is good. He was more modest than we are; he did not presume to know very much about protection. He said:

> I do not know much about tariffs, but I do know this much: When we buy goods from a foreign country, we get the goods and the foreigner gets the money; but when we buy goods at home, we get both the goods and the money.

I think it would be a good thing to have that framed as a motto and sent all over the country to be hung on every man's wall. There are other people that have ideas on protection, for example the Prime Minister. He gave utterances to some of those ideas in this House on April 30th, 1925, as reported at page 2656 of revised Hansard. The Prime Minister said on that occasion that what the country needs is protection for the women. Well, to that extent I agree with him. But when he talks about his knowledge of protection for women he ought to discuss the question a little with some of us grandfathers in this House. We who have mothers, sisters, wives, and married daughters ought to know a little more about protection of women than the Prime Minister does. The right hon. gentleman says there should be protection for women. He is right but the protection the housewife wants is to know that her man is going to have a job and whether he is going

to have his pay envelope every week. Those who have had to go out and look for a job, whether it be in mercantile pursuits, in farming, or anything else, in order to get a pay envelope for the wife and family, know, perhaps a little more about this subject than the Prime Minister who talked in this strain so glibly. Yes, the housewife wants to know, also whether her son when he becomes old enough to go out into the world and earn his living is going to get a job in Canada instead of having to go to the United States to look for employment. That is another sort of protection the housewife wants. The Prime Minister has not been running this government in a way that will produce that result, and it is just about time he did. There is only one way in which it can be done properly, and that is by establishing a suitable fiscal policy for this country. It is only those accustomed to grind at the wheels of commerce or to plow the soil and who find themselves out of a job, who appreciate the stern realities which confront them when there is a lack of that protection.

Now I wish to refer to some inconsistencies that we have witnessed here. In the first place let me take the government. Other hon. members on previous occasions have referred to their lack of sincerity and some fault has been found with the application to them of such a term. I do not wish to be called to account by the Speaker and therefore I will not speak of "insincerity," I will use the word "inconsistency". The latter term is almost equally as good as the other and I hope it is parliamentary. Now, the inconsistencies of this government are really very striking all the way through. I have not made a list of them, but they are really very numerous. And in this connection I may say that the stand taken by labour—or rather by its representatives in this House—although I have no doubt sincere, has been inconsistent. The very fact of the present government being still in existence after the famous Richmond Hill speech of the Prime Minister is the very height of inconsistency.

In this House we are apt sometimes to figure that we are familiar with the viewpoint of the farmers. In trying to get that viewpoint I think we should be careful to differentiate between farmers and grain growers. While we have many farmers and grain growers here, I think the spirit of the general farming community of Canada is not truly, consistently, and generally represented in this House. In my opinion it figures on the other side of the question to a rather overpowering degree. May I say also to my hon. friends from the province of Quebec—and I say it conscientiously and fearlessly but with great kindness—that they are not representing the spirit of that province. They are inconsistent when it comes to representing the spirit of the province of Quebec, because if there is any province in Canada which is protectionist in spirit all the way through it is that very province. What is at the bottom of all these inconsistencies? I am afraid it is politics. Personally I am sorry to see such a display of inconsistency. Many new members like myself coming to parliament for the first time were very unfortunate to arrive when parliament had reached the stage where a policy of bartering was entered into in order to enable the present government to hold power. Had we entered this House when conditions were normal our first session would not have impressed us so unfavourably. As it is, our impression of the elevation and dignity of parliamentary institutions has been somewhat lessened by what we have witnessed.

Referring to trade conditions, the farmer will come into his own when commerce is again properly balanced and proper steps are taken for the building up of a home market. I want to speak with some frankness as to the policy which should be pursued in the national interest, and I know my hon. friends from the west will accept my remarks in the proper spirit. In the first place is it not desirable, in the interests of unity and a real national spirit, that the newer provinces should display due consideration for what I may call the parent provinces? If we are to live together as one family and one household should not a certain consideration be manifested for the older members of the family who are supplying the most of the funds? In a properly managed household do not the older and more experienced members have the most to say? But here we have the younger members of the family coming in and trying to dictate the policy of the household. It seems to me that is rather premature on their part; I think a contrary policy should be followed without detriment to any particular province.

Before closing let me say that I do not approve of group government. I desire to put myself on record on that question and for this reason: The feeling in this country at the present time is that we should return to two party government, and so far as I know our Liberal friends would agree to that. If there is anything better than two party government, it would be government without party, but we have not yet reached that point of perfection. Group government, parliaments ruled by a minority as we see it in this House, is not a good thing for the country.

I do not need to speak of the effect of the tariff on industry or on the price of goods. It has been argued very often by hon. members that a tariff raises the price of goods. The hon. member for Sherbrooke (Mr. Howard) who sits on the other side of the House, has answered that question very satisfactorily and shown that a tariff does not necessarily advance the price of the goods. The hon. gentleman gave us instances of articles produced in this country, the prices of which were no more than the prices of similar articles in a country where they had 35 per cent protection against them.

I could refer to utterances of many other hon. members in this House, but I will not take the time. Let us throw aside the theories of Cobden and Cartwright; they do not apply to Canada to-day. Cobden's theories might have been all right a hundred years ago in England, but this is not England a hundred years ago, this is the Canada of to-day. Cartwright's theories were not accepted in this country in his day. Let us get down to business and consider the practical facts and conditions as they at present exist in Canada. I suggest that if hon. members would study men like W. R. Morson and other up-to-date authorities on the subject, they would receive greater assistance. I noticed that the hon. member for Lisgar (Mr. Brown) gave us the latest statistics on cattle. Indeed I do not know whether he succeeded in persuading the hon. member for East Algoma (Mr. Nicholson) that the Hamiltonians were not as big beef eaters as they were pictured to be. The Hamilton people may have come from the Tower of London and perhaps they were good beef eaters. But the point he was making was, how many pounds of beef a day these people were consuming. The qustion was in regard to the exportation of beef. If we had in our country the people who were driven out of Canada by bad fiscal policy, the amount of beef that went to England from Canada last year would not need to be exported at all. In going over the figures the hon. member made special mention of the fact that in the statistics he was dealing with there were no importation of asses. He made rather a striking remark in regard to that. I do not know what his idea was in drawing attention to it, in particular but upon looking up the statistics of the breeding of live stock in Canada I find there is no record of any asses being bred in Canada; so honours are even.

Mr. BROWN: The statistics I gave were correct.

Mr. BAKER: Quite right, there were no asses imported and also none bred here. Referring to page 1925 of the same book I find that in Saskatchewan they had practically all the mules in Canada—9073 mules—but there are practically none in the other provinces. I am only dealing with agricultural statistics, and we are talking about quadrupeds now.

In closing, Mr. Speaker, I would like to make special mention of the hon. members representing constituencies in the province of Quebec. I speak truly and to the best of my knowledge that twenty or thirty of the hon. members representing constituencies in the province of Quebec are not really representing the spirit of the people of Quebec, having reference to the politics of the two different parties in this House. I appeal to hon. gentlemen and I say that they do know that the spirit of the province of Quebec is protectionist all the way through. Having reference to the magnificent protectionist policy consistently pursued from beginning to end by their able provincial government, I appeal to hon. members from that province and I say to them, "You have the power to save the situation that now exists in Canada." I appeal to the members from Quebec to consider this matter seriously; on the question of their duty to their country and the loyalty they have always shown to their country, with the permission of the Speaker they might ask the privilege of crossing the floor of the House, on the ground that they want to divorce themselves from the party who do not believe in protection. I would like to see a real page made in history; I would like to see twenty members from Quebec cross the floor on the question of a trade policy which makes for the welfare of the Dominion of Canada. By so doing you guard your industries because under present conditions you never know when your industries are going to be hurt.

Let me say from my seat in the House one word to the people of Canada. I suggest that they should take more interest in the affairs of their country and vote for the adoption of a fiscal policy which means live and let live for all parts of Canada. I should like to ask the people of Canada to consider the recent election and the results of the returns sent in by returning officers, which show that tens of thousands of people in Canada did not vote at all. It is too bad; they should vote. It is almost a question whether we should not have compulsory voting as they have it in Australia. I appeal to the people to send only to this parliament, as indeed they

generally do, men who with staunch hearts will follow a policy of Canada first and foremost, Canada as a link in that world chain of nations on which the sun never sets, so as to secure peace, happiness and prosperity to all the people of this world.

Mr. J. E. LETELLIER (Compton) (Translation): Mr. Speaker, called upon, at the opening of the first session of the fifteenth Parliament, to represent in this House, the riding of Compton, I heard noisy protests, from my very arrival, among the hon. members of His Majesty's opposition, and, above the din of these protests, it was easy to make out these words loudly uttered against the government: "It is a headless government, a moribund government; a government usurper of the people's rights." Fortunately, to-day, these high sounding phrases used by the hon. members of the opposition have subsided and one may surmise that a forced compunction obliges and will oblige, for a long time, our friends of the opposition to use towards the present government a more subdued tone and wiser language.

Who, among the hon. members of the opposition, would dare contend that the present government is without a leader? The hon. Prime Minister, on the one hand, with much consideration for the popular verdict—owing to the complexity of the vote—deemed it wise to ask His Excellency the Governor General of Canada to call parliament in order that it might solve the uncertain situation in which were placed the various parties in this House; on the other hand, very considerate of the code of honour and wishing to enter parliament by the expressed will of the people, he declined the offer of generous members who desired to vacate their seat in his behalf. He is now placed in authority, and I heartily congratulate him for having so wisely acted. His so sincere devotedness to public affairs, and his so profound respect for our free institutions, are a guarantee of a very sound administration.

"It is a moribund government," stated hon. gentlemen of the opposition. Could they express themselves thus when they saw the hon. Minister of Justice (Mr. Lapointe) occupying the so difficult post of acting leader, with such dignity and rare tactfulness which even compelled their admiration.

Could they possibly maintain that the government was dying, when such hon. ministers as Robb, Boivin, Stewart, Cardin, Motherwell, Cannon, Macdonald and King, at the head of their important departments, fulfilled their task with such ability and zeal.

The people wished that the government which was so unjustly attacked should no longer put up with the abusive language of the opposition, and we witnessed one after the other the present office holders take their place in the departments of Railways and Labour, they will prove themselves worthy of the task entrusted to them—I have named the hon. Messrs Dunning and Elliott.

"A government usurper of the people's rights," had cried out hon. members of the opposition. Fascinated by the allurement of power, they checked up their numbers and came to the conclusion that their supporters were numerous enough to entitle them to be called upon to form a government. It is then that my hon. friends of the Progressive party generously cast their vote with the government so as to preserve to the country a wise, far-seeing and progressive administration. You alone, Mr. Speaker, escaped the criticisms to which the government had to submit, and the unanimous choice of the hon. members of this House in placing you again in the Speaker's chair, leads me to believe that the day is not far away, when legislation will make permanent the office you so gracefully hold. Together with the hon. member for Labelle (Mr. Bourassa) I express the hope that you will become the first holder.

The budget that the hon. Minister of Finance (Mr. Robb) presented to us raises a unanimous chorus of praise. The unavoidable criticisms which it has also suggested will not prevent the people from being relieved of $25,000,000 of taxes, and appreciating the wisdom of the Liberal government who, heirs to the enormously difficult task bequeathed by the previous government, nevertheless were able to rouse the country from the state of depression into which it had fallen and lead it on to prosperity, where the vigour of the eminently constructive principles embodied in the Liberal party's policy will shine in all their splendor.

The budget shows us a real surplus and there is no need of further proof than that of the wiping out of taxes. Scrutinize the budget, glance at it with an evil eye, if you so wish, truth is always truth, and the hon. members of the opposition will have to humbly admit that the hon. Minister of Finance has had the glory of rousing great enthusiasm from the shores of the Atlantic to those of the Pacific. Objection may be taken that automobile manufacturers closed or wished to close their factories, owing to lack of protection. I shall retort: the present government is not the appointee of financial interests, but the elect of the people, and it intends to safeguard the rights of the people in preference to the interests of a few large business concerns.

This budget brings me joy, because it will allow the government to work out some measure in regard to the rural credit scheme.

I am very sorry to find that so worthy and able a man as the hon. leader of the opposition has discovered in this some manoeuvre favouring my party. I am also sorry to see that a measure announced by His Excellency the Governor General, in his Address from the Throne, a measure so necessary and so prolific in benefits to the farming class, has been the object of attack, to the extent of giving the impression that it was a bait to draw the hon. members of the Progressive party to cast their votes with the government. Yet this legislation was necessary, it was and is still urgent.

To promote farming is but to want the country's prosperity; to give generously and wisely to farmers is to accomplish a patriotic work and consequently one that is truly national. I now turn towards those who understand farming, I ask the hon. members of the Progressive party—they who know what amount of labour is required in operating a farm, until is reaped the golden wheat which produces bread, those who are accustomed to feel the burning rays of a July sun and to feel their hands hardening with the daily farm routine—I put the question to them as well as to the great army of noble toilers of the land of whom they are the worthy representatives here: has the Liberal government brought down this rural credit measure only to please you? Would we be a prey to selfish feelings such as are unknown to you? You approve of this measure because it favours the farmer, it matters little whether he lives in Ontario, Quebec or the Maritime provinces. Do the high winds of your vast, prolific and fertile prairies bring to eastern Canada selfishness or freedom? They bring freedom and you rejoice in the success of the eastern farmers, as they themselves rejoice when Providence bestows upon you an abundant crop. No, this rural credit is a measure resting on justice and equality, and I shall always find it strange that a measure destined to produce such excellent results can be the object of spiteful attacks. We have, for many years, claimed this rural credit system in the province of Quebec.

During a number of years, I had the honour of being the president of the Farmers' Association of the parish of Lake Megantic, and I had advocated this measure long ago. Last autumn, in Montreal, at the annual meeting of the members of the Catholic Farmers' Union of the Province of Quebec—in which more than 1,200 delegates took part—resolutions asking for this measure were adopted. Later on, when this question is under consideration, I shall submit these resolutions to the House.

Moreover, the hon. Minister of Agriculture of the province of Quebec, who was present at this meeting, spoke in favour of it and expressed the hope that some day the Dominion Government would come to an understanding with the various provincial governments to have such a measure adopted. He also expressed the hope that the banks and the co-operative societies, on agreement, might be of great help in the effective working of the rural credit system. We are aware that here and there private industries fail for lack of funds or lack of co-operation. After making a start with that so beneficial grant to the rural credit system, the government, I trust, will find it possible before long to advance funds, in order that associations may be formed in the most important localities, toward facilitating the canning of a number of products, and through this medium farming will find itself greatly benefited: the farmers, in the vicinity of these important localities but at a distance from large centres, will find an easy market for the sale of their garden products. I shall always lend my support to such a measure, because to my mind there lies the source of the welfare of the farming class. I wish to let my hon friends of the opposition know that if I support the measure in connection with the rural credit system, I do not do so with the aim implied in their criticisms, but for the welfare of the whole country. I further wish to add that it would be proper and wise to have a well organized propaganda, aiming at pointing out to the farmer the great usefulness of a system of book-keeping, and especially in connection with an act providing for a system of farm loans. Who, during the last electoral campaign, did not witness how one sought to have the people of this Dominion believe that the country was going to ruin, governed, so it was stated, by an administration who did not understand the true economic interests of the country. People who read certain newspapers saw the farmers leaving their lands to cross the border seeking elsewhere the bread which, it was said, had been taken away from them in this country. They saw large armies of workers with starvation staring them in the face and reflected in their clothes, seeking work and finding none. The manufacturer was pictured as standing on the threshold of his factory and turning away his whole staff because, he said, the government gave them no protection. Yes, I saw them

and you all saw these posters carrying from the east to the west the whisper of death, discouraging those who remained in the country, stopping at the borders those who wished to return home. You saw them, and I also saw them, these headlines aiming at throwing terror and fear among the population, in order to induce them to defeat the government. What happened? A number of votes were thus secured, but they were unable to defeat the government to whom, a few months later, the opportunity was given, not to start a campaign of terror and pessimism, but to send out to the whole population this cheering message which was so greatly applauded: Hope! Prosperity is returning, notwithstanding what may be said. Your shoulders were bent owing to the heavy burdens carried and for which we were not responsible; to-day we relieve you of these burdens, we relieve you of $25,000,000 of taxes, in order that you may breathe more freely.

The people had been deprived of freedom, the Liberal government returns it to them. The country is entering on an era of prosperity, and it is to the everlasting glory of the Liberal government that they were able, notwithstanding innumerable difficulties to start it on its path towards its high destinies.

Mr. C. J. HAMILTON (Stormont): As brevity is the soul of wit and procrastination the thief of time I have decided to occupy very little of the time of this House in discussing the budget which is before us. This is the first occasion on which I have risen to speak in this House, and although I have passed the age allotted to men I have never been in a parliamentary assembly before coming here. In the early days of the session, while the Minister of Justice (Mr. Lapointe) was acting as Prime Minister, he offered very encouraging words to the younger members of the House, the substance of which was that every man in this House was on an equal footing and should therefore take an interest in the affairs of parliament and of the country. With that encouragement I rise to-night to show why I stand on this side of the House in defence of the doctrine of protection.

There are few members in this House who can recall the origin of the protective tariff enunciated by the Right Hon. Sir John A. Macdonald. In 1873 the government of Sir John A. Macdonald was in power, and as older members will recollect, during the regime of that administration the construction of the Canadian Pacific Railway was undertaken. While the preliminaries of that great enterprise were in progress a certain telegram was dispatched through the country, and being intercepted and brought into the House it necessitated the resignation of the Macdonald ministry. The Hon. Alexander Mackenzie took office in November 1873, forming a cabinet of the most capable men in the country. He carried on until 1874 when he appealed to the electorate and succeeded in sweeping the country, coming back to the House with an enormous majority, Sir John Macdonald being in opposition with a very much reduced following. Strange to say, the conditions in the country financially, industrially and otherwise began to go from bad to worse, and Canada was in a depressed state. Practically all our industries were at a standstill and this situation continued until 1876 or 1877, when it became intensified. Delegation after delegation came to the House and were met with the answer that the governments of countries had no control over economic affairs, and that therefore the administration in power could offer no assistance. It was declared that governments, being mere flies on the wheel, could not help matters. In the meantime the condition throughout the country was in so deplorable a state, that to my personal knowledge Toronto and other cities in Ontario—I cannot speak for the other provinces—were crowded with soup kitchens, and men were going about begging for a ticket to get a piece of bread and a bowl of soup. This is not paper talk; it is personal knowledge, for I was a student in the University of Toronto at the time and I know whereof I speak. What I say can be corroborated by the hon. member for South York (Mr. Maclean), who was also a student with me. Delegations waited upon Sir John A. Macdonald and asked him whether he could do nothing to alleviate the distressing situation that prevailed. Sir John A. Macdonald inaugurated the National Policy and said:

> The welfare of Canada requires the adoption of a National Policy. We are often asked, What is a National Policy? Gentlemen on the opposite side brought in a measure in a previous year which they called a National Policy, but it was practically free trade, but fell a little short of entire perfection by the necessities of revenue. The free trade which has been argued in England, which has been argued here, and which has been argued in the United States would never make a nation. There are national considerations that rise far higher than the mere accumulation of wealth, than the mere question of trade advantage, there is prestige, national status, national dominion, and no great nation has ever risen whose policy was free trade.

On another occasion in 1876 he spoke as follows:

> We are informed in the Speech from the Throne that there is stagnation in trade. We are informed also

that this has arisen not from any fault of our own but in consequence of the depression in trade that has taken place in the neighbouring country. If it be true, I say that if there ever is a time when it is lawful, or allowable, or wise, or expedient for a government to interfere, now is that time. Besides the general principle which I have been advocating, that our great manufacturing industries require support, the manufacturers of this country have been up against it. Some have been working half time, some three-quarter time and some have scarcely been keeping their doors open, hoping and believing that they would get assistance, and now at this last moment, just as they thought the time of relief was coming, just when their tether was strained to the utmost, when they were keeping on their work people not by spending their own money, but by their credit and by pledging their resources, in the hope and belief that they were going to get assistance from the government, no aid was given. The disappointment was dreadful and there was deep indignation, curses not loud but deep.

In 1878 the government of the Hon. Alexander Mackenzie went to the country, and Sir John A. Macdonald for the first time launched the National Policy as the war-cry of the Conservative party. He swept the country and came back with an enormous majority. Immediately confidence was restored, industries that had been lying idle for months resumed operations, and shortly after, owing to the confidence that was inspired throughout the country, he was able to organize a company for the building of that railroad which was eventually the cause of his downfall. The Canadian Pacific Railway Company carried that railroad from ocean to ocean, and it has opened up and civilized the great country from which hon. gentlemen to the left come, where millions of bushels of wheat are grown every year. When I was a boy we were taught that that country was good for nothing but the buffalo and the Indian.

The doctrine of protection has been preached ever since. After Sir John A. Macdonald's death his policy was continued by his successors until it reached the hands of the greatest of all native Canadians, the late Right Hon. Sir Wilfrid Laurier. He never touched that policy to the extent that he ever injured the industries of this country, and there was never any anxiety respecting its continuance until the tinkering with the tariff commenced four years ago. It will be remembered by hon. gentlemen that when interference with the tariff was first mooted some of the brightest men on the opposite side left the party—at any rate they left the House.

To-day this country cannot continue without being protected against the importations of the manufactured products of those countries which have erected tariff walls against our products. I do not believe in a tariff structure that will make millions of dollars for a few people, but I do believe in such a protective tariff as will give the working man, the man who has to earn his bread by the sweat of his brow, adequate protection. He is the first man who should be considered. I believe also in such a tariff as will protect the farmer, and when I say the farmer I include the dairyman. For the last forty-eight years I have been associated with farmers, I am dealing with them every day, and I know the difficulties they have to encounter, especially the difficulties that the dairy farmers have to surmount, and these difficulties are becoming still more troublesome owing to the health laws that now govern dairying. When I heard an hon. gentleman to-night say that there should be protection for the women, I thought the farmers' wives needed protection most of all, because they are the hardest working women in this country. It is generally conceded, Mr. Speaker, that everything possible should be done for our agriculturists. If they are not prospering, then the country generally cannot prosper. We all know that the first fruits of the farm are what make a country prosperous. This is proven by the fact that every year our great financial institutions send their agents throughout the Dominion, particularly throughout the northwest, to ascertain what are the prospects for a bountiful harvest, and if those men come back with favourable reports the financial institutions regulate their investments accordingly.

I wonder if hon. members have any idea of what the dairy industry means to this country. I was amazed the other day when I read the report of an address recently delivered by Mr. J. A. Ruddick, Dominion Commissioner of Dairying and Cold Storage, before the Western Ontario Dairymen's Association. He is one of our most experienced men in dairying pursuits on this continent. Some time ago Mr. Ruddick spoke in rather an alarming way about Canada's dairy industry. From the proud position it had attained in the Canadian and British markets—a position which he himself was in no small measure responsible for—it was, he feared, being ousted by countries that had sat at the feet of Canadian dairymen. His criticisms of slovenly methods that had been unconsciously slid into were outspoken and unpleasant, but apparently they have achieved their purpose in some measure, for Mr. Ruddick now says:

I have as you all know, offered some rather severe criticism of conditions and methods in the industry during the last few years. There was a time when I felt rather discouraged and had some doubts as to how we were going to meet the new competition. If I put things rather strongly, it was because I wanted to awaken the dairymen of Canada to a sense of the seriousness of the situation. I don't know what effect anything I have said may have had, but I do know that there has been decided advancement during the

last two years, and it gives me pleasure to say so. The conditions in the industry have by no means passed beyond the reach of criticism, but I believe in giving credit for what has been done as an encouragement to further effort.

The importance to Canada of its dairy industry is stressed by Mr. Ruddick in a rather interesting way. The estimated value of the total dairy production in 1925 is $300,000,000, nearly three times as great as it was fifteen years ago. Mr. Ruddick says:

The report on mineral production in 1924, gives the total value as $209,583,406. This includes everything that comes out of the earth—gold, silver and other precious metals, iron, copper, nickel, etc., coal, natural gas and oil, salt and gypsum, construction material like cement, stone, sand, lime and all clay products including brick. And yet the total value of all these materials is only a little more than two-thirds as much as the value of Canadian dairy production.

The mining man leaves a desolation behind him. The dairyman improves the land he occupies, and leaves it in better condition for repeating the production, and yet I daresay that the average "man in the street" if asked would tell you that the mining industry is of greater importance to this country than the dairy industry. Perhaps he judges by the larger amount of space it occupies in the public press, or by the larger number of high salaried men employed in developing it. I may be prejudiced, but it seems that the public lacks a sense of proportion in this matter. Mining is a highly speculative industry. Fortunes are lost as well as made by those engaged in it. Dairying offers no opportunity for acquiring great wealth, but it does open one of the surest and safest roads to a competency that is to be found in the whole realm of agriculture for the man who is willing to stick to it.

I had no idea that such conditions prevailed in this country. For that reason I am coupling the dairy interests with farming, and I think it becomes the duty of this government or of any other government to advance agriculture and the dairying industry by every possible means.

Following the introduction of the protective tariff, Canada went ahead by leaps and bounds. In 1870 Fort Garry was a place where there was nobody but Indians; to-day it has a population of 260,000. Not only that, but Edmonton, Calgary, Brandon, Portage la Prairie and many other cities in what was called the Northwest Territories have all made wonderful progress and have been brought into touch with the outer world by that greatest of all advertisers of the Dominion of Canada, the Canadian Pacific Railway.

Coming now to the budget, my profession is not that of Minister of Finance; I am a worker; I never have any money to finance with, but I have a head on me, and I know when it is raining. In the first place we had a solemn promise from the right hon. the Prime Minister (Mr. Mackenzie King) previous to the election that a tariff board would be appointed and that all matters in connection with the tariff would be submitted to that board before any changes were made. That was stated not only by the Prime Minister but I think by every one of his candidates; it certainly was promised in my riding. Then when parliament assembled we found that the Speech from the Throne also contained a promise that a tariff board would be formed and that no changes would take place in the tariff until they had been considered and reported upon to this House by that board. After a great deal of discussion, as we all remember, the Speech from the Throne was adopted by the House. When the Speech from the Throne was adopted, it became, in effect, an order to appoint that board and to carry out the promise made with regard to the tariff not only during the election, but again specifically in the Speech from the Throne itself. But that was not done. Without any warning this budget was brought down, proposing considerable changes in the tariff. I want to say right here that I have the greatest respect for the gentleman who occupies the post of Minister of Finance (Mr. Robb). He comes from a constituency just across the river from mine, and there is no gentleman in that part of the country who is more highly thought of. At one time he was employed in the town in which I live, and it was only the other day that a very prominent man asked me about him and spoke of him in the very highest terms. I believe the hon. minister was actuated by what he thought was right when he brought this budget before the House.

We find that the budget reduces the postage rate. But how many postage stamps does the ordinary man in this country who is working for a living buy in a year? How much does this reduction help him? It does help the man who is able to pay for postage, but not very much the ordinary working man.

The receipt tax is another tax that the man who is able to pay ought to pay. The wiping off of this tax does not help very much the workingman or the ordinary man of moderate means. So I do not look upon these two reductions as much of a gift to the ordinary working people of this country.

As to the income tax, how many men in this country have been paying income tax on an income of $2,000 or under? Hardly any. So the reduction proposed, while it may help the man who had to pay income tax before, is of no benefit whatever to the man who did not have to pay income tax before. Here again, is a reduction that only helps the man who is able to pay the tax, and who

should pay it. So that is not much of a gift to the ordinary people of this country.

I have listened with a great deal of interest and much pleasure to the members from the Maritime provinces who have spoken on behalf of that part of the country. I have heard them state their case. I can recall the confederation days and the difficult negotiations that were had before confederation was brought about. I remember reading the promise that was given to the eastern portions of this country when they joined confederation, and I believe it should be the aim of this House immediately to relieve the Maritime provinces and give them what they were promised at that time, and what they are justly entitled to under the bargain that was made when they entered confederation with us.

I would also be strongly in favour of backing up anything that would develop the coal fields of Alberta, thereby giving work to the men in Alberta and enabling the central provinces of Canada to get Alberta coal. We should be burning our own coal instead of having to go on our knees to our friends to the south and asking them to keep us warm throughout the winter. We have wonderful coal resources, and we should use them. We have also the necessary transportation facilities to bring the coal to central Canada, and it is only a question of getting the right kind of men together to settle these questions, when the people of this country will benefit by the development and use of our own coal.

As I promised at the beginning I am not going to occupy much time, because I have been told that I am a good deal like the minister who was accused of not preaching a long enough sermon. A delegation waited on him and told him that the congregation were not satisfied with his preaching, that they wanted him to preach longer. His reply was that he was born in Pennsylvania, that his father was an oil man, and that he had always heard his father say that any man who could not strike oil in half an hour was either boring in the wrong hole or else there was something wrong with his auger. So I am going to take the advice of the oil man of Pennsylvania. I have given what I think is a common sense view of the subject that is before us, and I am strongly in favour of the amendment of the hon. member for Fort William (Mr. Manion) to submit every question respecting the tariff to the tariff board before any changes whatever are made.

Mr. JOHN EVANS (Rosetown): Mr. Speaker, the budget is looked on every year as a barometer of the business of the country, but it is doubtful if in any country the business concerns watch for the budget with such feverish anxiety as it is awaited by the business concerns of Canada. This is due to the fact that in no country in the world does business rest on the politician so much as it does in this country. I think it may be said that the budget has this year been produced under the most favourable circumstances in the last ten years at least. There is less unemployment and hardship in the cities; there is less hardship on the back lots of our settlements throughout the northwest as well. There is one underlying cause for all this: Western Canada has had a good crop. A greater amount of new wealth has been produced this year from the land than in almost any other year since confederation. Consequently, there is increased railway earnings; the purchase of manufactures has increased, and also there is less unemployment. But agriculture is seen to have been the one thing capable of growth, and that without placing a burden on any other industry. Prices for agricultural products have kept up to a good level, and this has been mostly due to the fact that things are returning to normal in the populated centres of Europe to which we look, and shall look for many years to come, for our chief market for agricultural products.

Now the fact that a good crop is a factor in producing better times, and that the market for our crop is in other countries, compels consideration of at least two problems in our national life. The first of these which I shall mention is the permanence of agriculture since it has proved to be the basic industry, and secondly, transportation. The one is dependent on the other. Both are dependent on the removal of every handicap which prevents the functioning of both in a natural way. Both are dependent on the cost of production and the cost of living being set by natural means, and not, as now, by those classes and individuals whom we by laws of privilege have placed outside the pale of competition altogether. Agriculture under such a system becomes destitute and too weak to carry the burden placed upon it, being the basic industry, of competing in world markets and at the same time of carrying the burden of other industries. Our prices have always been set in an arbitrary, despotic way by those whom we have placed outside of competition. Such arbitrary, despotic prices have always been set, not on the value of the article at all —that is not taken into account—but simply

by what the manufacturing and distributing combines agree to charge for their services. The only bound beyond which they cannot go is the price of the article abroad with the whole amount of the duty added. The price in the country of origin, it must be remembered, is the retail price. If the consumer or even a co-operative company of consumers attempts to import anything direct from a manufacturer the dumping clause is at once applied. The dumping clause takes into account the rule of the manufacturing and distributing combines of the Dominion in their classification of the citizens as to what price each class must pay on its imported goods. In other words, the consumer must pay retail prices, and the retailer must not go beyond his wholesaler. In many lines, too, the wholesaler must buy from the jobber or dealer, who stands between him and the manufacturer. If any of these go beyond what they are allowed there is a levy made under the dumping clause which is always equal to the profits of all in between. Each of these concerns is jealous of its rights under these combine exactions, and each allows no deviation from this rule. A co-operative company, no matter what article they handle or in what quantity it is handled, are allowed no higher standing than that of a consumer. Canada was the first country in the world to enact what is known as a dumping clause. The first thought was to protect only our infant industries, which had then been infants for some twenty-two years at least and which, according to our protectionist friends in this House, are just as helpless to-day as when the dumping clause was put into force.

There is still another feature of unfairness in the tariff, even if we concede that Canada should have a protectionist policy. That feature is that no trade discounts are allowed except to the trade, that is the distributors or the manufacturers. In some lines of goods this gives a protection to the manufacturer and the distributing combine over the consumer of from 90 to 190 per cent.

An hon. MEMBER: On what articles?

Mr. EVANS: The hon. gentleman asks what articles; in particular on hollow ware, kitchen utensils and so on—I think it is rather worse on that class of goods than on any other. So between trade discounts and dumping acts we have a fiscal system which, for unfairness, injustice and hardship on the consuming class has never been surpassed in any country of the world.

While I favour the budget in a general way and will give it my support, I cannot help voicing one or two objections. The Progressive party has always stood for direct taxation; in fact the farmers' organizations, which existed for twenty years before the Progressive party was brought into being, stood for direct taxation. I would prefer to have seen some of these tariff incongruities abolished as a means of lowering taxation and the cost of living, instead of making a cut this year in the income tax. It may be news to some of our protectionist friends that the Progressive party did not ask for this cut in the income tax.

Mr. FOSTER: Will the hon. gentleman permit me a question? You say the Progressive party has been in favour of direct taxation. Would you be in favour of a tax on all incomes of $500 and up?

Mr. EVANS: No, I would not. I think it can be said with some justice that the increase in the income tax exemptions is, perhaps, justified. I think a man must be allowed a living, and $500 would not give him that.

Mr. FOSTER: Then what method of direct taxation do you favour in order to permit the country to derive a revenue?

Mr. EVANS: There are a good many methods.

Mr. FOSTER: Well, state some.

Mr. EVANS: I certainly would have an income tax as a permanent thing, also death duties, a tax on land values, unearned increment, and so on, to be collected from the man best able to pay rather than from the poorer consumers. In some cases the poor people are the greatest consumers, in fact the bigger family a man has the more commodities he must purchase. I think such a man should not be called upon to pay the same rate of taxation as a man with an income of $10,000. I would sharply graduate the income tax as the incomes increase. I have said that between trade discounts, dumping acts, and other features of our protectionist system we have a fiscal policy that has never been surpassed for the injustice and hardship inflicted on the workers.

But let us look for a moment at the moral side of all this absurd legislation, and let me try to define protection from that standpoint. Any law that is economically unsound certainly becomes morally wrong. In the first place we are supposed to be a commonwealth, but our laws are a series of divisional statutes discriminating between the rights of citizens and giving to one class the power to exploit the other. I say it is not the province of any

government to discriminate between the rights of its citizens or to recognize the exactions of any combine whether manufacturing or distributing. We should all be equal before the law. In Canada we are not. I repeat that our laws are a series of divisional enactments, and in that there is an evil. It is bound to breed rebellion in the one class, and in the other class a disregard for the rights of others. I think if anything has been forcibly demonstrated by the Customs investigation that has been proceeding during the present session, it is the fact that there is a disregard for the rights of others which has increased with the passage of time during the last forty years. I say it breeds rebellion in the one class and in the other class a disregard for the rights of others.

What is the tariff? It is a frame-up between the politicians and those who have an interest in putting an import penalty on certain classes of goods. This must involve corruption and misrepresentation of facts to the electorate. It can have no other result.

Mr. FOSTER: Where is the corruption?

Mr. EVANS: I will deal with that in a minute. I said the tariff was a frame-up, the one class guaranteeing the election of the other which in turn trades off its influence and power to produce the legislation desired. If such was not the case, protection as we have it to-day would not last one year. It is inconceivable that men elected as representatives of the people would trade off the rights of their fellows without some consideration. That is where the corruption comes in.

Mr. CAHAN: That is where the Progressive party comes in, too.

Mr. EVANS: The hon. member for St. Lawrence-St. George says "that is where the Progressive party comes in".

Some hon. MEMBERS: Hear, hear.

Mr. EVANS: I challenge the hon. gentleman to prove that. In case I may seem to be presumptuous in my statement let me quote an authority. This is taken from a statement by Sir Richard Cartwright.

Some hon. MEMBERS: Oh, oh.

Mr. EVANS: Some hon. gentlemen to my right do not like to hear the name of Sir Richard Cartwright; I do not wonder at it. But listen to his statement. He said in a letter addressed to the London Economist:

> Prior to the general elections of 1882, 1887 and 1891, Sir John Macdonald and his colleagues called the protected manufacturers together, and demanded and obtained from them such sums as they deemed necessary for debauching the electorate, pledging themselves in return not to alter the tariff to the detriment of the said contributors, which compact was faithfully carried out and impudently avowed.

Sir Charles Tupper, speaking in the House of Commons on March 22, 1892, called Cartwright's attention to this serious charge. "Every word of it is true," answered Cartwright, "and you know it." I say again that no man engages in evil transactions involving risk to his name and honour, without some personal benefit. The tariff was the first means of organizing in this country a band of overlords who ruled the Dominion, who still hold the reins of power, and who are the cause of creating a class-conscious war to-day between themselves and the other classes. The Progressive party is composed of farmers. Labour would have a share in the movement too, but for the fact that that part of the working population are directly dependent on these overlords for their living. A tariff to-day is a means in the hands of the manufacturers and other combines, of finance and of distributing concerns, of intimidating their employees. These employees are continually under the threat that if their ballots are not marked as the employers desire the works will at once close down,—in fact the threat has been made that if the budget is not favourable many works will close down. Intimidation is a regular appanage of the system. The workers are helpless in their plight to-day, and the lords of industry and finance gloat over the condition they have created. If anyone disputes this let me read a paragraph from the Bankers' Magazine of August 26, 1920. That journal, commenting on the situation, expresses it thus:

> "Capital must protect itself in every possible manner through combination and legislation. Debt must be collected, bonds and mortgages must be foreclosed as rapidly as possible. When, through a process of law, the common people have lost their homes they will be more tractable, and more easily governed through the influence of the strong arm of the government, applied by a central power of wealth under the control of leading financiers. A people without homes will not quarrel with their leaders."

Mr. CAHAN: Is that an extract from a publication of the Bankers' Association?

Mr. EVANS: An extract from the Bankers' Magazine.

Mr. CAHAN: Of Canada?

Mr. EVANS: Of the United States, August 26, 1920.

Mr. CAHAN: Whose writing is it?

Mr. EVANS: Let me read another paragraph.

Mr. CAHAN: Please tell us who wrote it, so that we can judge of it.

Mr. EVANS: It is taken from the Bankers' Magazine.

Mr. FOSTER: Who is responsible for the article in the magazine? It must have an author.

Mr. EVANS: It is the Bankers' Magazine. It is the voice of the paper.

Mr. FOSTER: Do I understand my hon. friend to say it is an editorial in the Bankers' Magazine.

Mr. EVANS: I take it to be such.

Mr. CAHAN: I do not believe it.

Mr. EVANS Another paragraph from the same article reads:

> History repeats itself in regular cycles. This truth is well known among our principal men now engaged in forming an imperialism of capital to govern the world. By thus dividing the voters we can get them to expend their energies in fighting over questions of no importance to us except as teachers (I would say traitors) of the common herd. Thus, by discreet action we can secure for ourselves what has been generally planned and successfully accomplished.

Now the member for St. Lawrence-St. George (Mr. Cahan) will again, as in the past, classify my speech as the ravings of one who is foreign born, and who suffers from Bright's disease to such an extent that his mental capacity is impaired.

Mr. CAHAN: No, I am suggesting that his fairness is impaired by reading from this book.

Mr. EVANS: I wish to tell the House that the time is near at hand when the safest and best way for governments and all legislative bodies will be to work towards a real co-operative commonwealth, and the state will be compelled to perform the functions before very long which are now performed by private capitalists and their trained subordinates. I say to-day that the conditions in England are not without their lesson for us here. Before blaming the workers in England, or even our own miners in Nova Scotia, let us consider the position of these people who, like ourselves, are human beings. These lords of industry have been successful in getting together great hordes of employees who have no more interest in the community or in the commodity they produce than the slave of the southern states of many years ago had in the cotton he cultivated and picked. To have peace in industry you must give the employee some responsibility. You must make him a partner in the business, and not, as now, see that he gets as little as his employer can get him to work for, so that every interest in life is taken away from him except his daily wage. We have reached this stage by certain steps during the last forty or fifty years—first, compulsory education, second, the franchise, and, following these, organization; and things are not going to go on in the way they have been going. Laws of privilege kill patriotism. A man must have an interest in the state; place some responsibility on him and there will be peace. The state is composed of individuals, not entirely of natural resources. The material must be used for the state. The working man is just as much the state as any director of finance or industry. Canada is not contained in St. James street, Montreal, or King street, Toronto, or even in the stock exchanges from coast to coast.

An hon. MEMBER: Nor on the prairies.

Mr. EVANS: Our first duty in this country is to recognize the rights of the farmers and workers, and I will say this: despite all that the budget contains this year, favourably as I look upon it in a way, it takes no account of the legalized lines of cleavage established between the different classes. There is hardly anything in it to lower the cost of living for the worker, or to induce a more equitable system of industry.

The facts lately brought out in the discussion pro and con respecting the tariff on automobiles clearly illustrate the length the lords of industry in our own country can go in misrepresentation and criminal intimidation. Indeed more, they drag in the mire of their own corruption the sacrificed lives of our sons who fell in the war. It seems that nothing is too sacred to be sacrificed in their greed. They encouraged the delegation of returned men to come to Ottawa on a mistaken mission, so that these same lords can still take their toll from the sweated labour of the soldier settler and his wife and children.

I will give a few figures regarding the automobile industry. In 1924 we produced $88,000,000 worth of cars and we exported approximately $31,000,000 worth, leaving for home use made in Canada $57,000,000 worth. The duty on that amount, which the manufacturer has added to the factory price, was $19,950,000—

Mr. FOSTER: How does the hon. member figure that?

Mr. EVANS: —or in some cases over 35 per cent.

Mr. FOSTER: On the retail price?

Mr. EVANS: On the retail price. These are figures from the Statistical Department. The total number of employees on wages and salaries in 1924 was 9,277 and the wages paid to 7,872 wage earners amounted to $10,938,202. That makes an average for each wage earner of $1,389. Salaried employees to the number of 1,405 were paid $3,280,935 or an average of $2,335. In this industry the number of salaried employees in comparison with wage earners is altogether out of proportion to that in any other industry, and this feature is an evidence of the prosperity which it is enjoying and the tremendous profits it is making. I would call the attention of the House to the meagre wage paid the workers. This is something that is absolutely out of keeping with the argument advanced for protection, that we must maintain a high tariff if we want to preserve a high standard of living for our people. The fact is that these benefactors of the nation have pinched their wage earners on the one hand and the consumers on the other, in the matter of prices. Indeed, 35 per cent is not all the protection they have enjoyed. I find that during the year 1924 the Ford runabout sold at the Ford factory for $410 and the duty added was 41 per cent, not 35. On the touring car they charged 42 per cent, while the others were 33 and 34 per cent. I am looking forward to some wonderful revelations in connection with the automotive industry when the Tariff Advisory Board has access to their books. And surely they cannot refuse to lay their books on the table, seeing that they have become wards of the nation. Is there any man in this House bold enough to say that legislation which takes out of the pockets of those who buy cars nearly $6,000,000 more than was paid in wages in the whole industry is legislation for the general good of Canada?

Mr. STEWART (Edmonton): That is for the wage earners.

Mr. EVANS: Yes. Our tariff has enhanced the total price of cars made and used in Canada to the extent of $5,900,000 more than wages paid in the whole industry for the year. Our fiscal policy, I say, is a senseless, unreasonable one; it is altogether absurd. Let us follow this matter through to its logical conclusion. Since the automobile manufacturers do not pay the wages of their own workmen, who does? Our automobile manufacturers were paid by way of tariff exactions nearly $6,000,000 more than they paid out in wages in the whole industry.

Mr. FOSTER: How much of that represents excise duty and how much taxes paid to the government?

Mr. EVANS: The sum I have given represents the retail price of the cars, enhanced as a result of the tariff.

An hon. MEMBER: That is the American retail price.

Mr. EVANS: An hon. gentleman says, the American retail price. I will not dispute that but—

Mr. CAHAN: In the figures the hon. member has quoted, is he not including the number of employees engaged in the assembling of parts and not the 20,000 men who are employed in the making of component parts which enter into the manufacture of cars?

Mr. EVANS: In answer to the hon. gentleman's question I may tell him that in order to be correct I got my figures from the Statistical Bureau.

Mr. CAHAN: They are true as far as they go, but they do not go far enough.

Mr. EVANS: That does not alter the case anyway; the price has been enhanced by that amount. And who foots the bill? It may be said that everyone who buys a car and pays the duty does so, but under a tariff system such as ours, and with agriculture as the basic industry of the country, this contention is obviously wrong. If the farmer buys a Ford car he pays the duty in the price charged by the dealer. If the dealer sells a car to the doctor, the doctor pays the duty in the price charged, but when the doctor makes a professional visit to the farmer or the farmer's wife his fee will include a part of that duty which he has paid on the car.

Mr. STEWART (Edmonton): What about the lawyer?

Mr. EVANS: I am coming to that. Now, agriculture is the one basic industry in this country, and it does not matter who performs the duty for the agriculturist, the fee for that service always includes a part of the tariff duty on the car he drives, the clothes he wears or anything else he uses.

Mr. CAHAN: And all that is paid by the farmer?

Mr. EVANS: Wait a minute. If the farmer even buys a sack of sugar from the grocer he not only pays the duty on that sack of sugar, but he pays a part of the duty on the sugar which the grocer himself uses. If the farmer uses his Ford car to drive to his nearest city to consult a lawyer, the cost of that trip is enhanced not only by the duty he has paid on his own Ford car, but the lawyer's fee will include a part of the

duty which the lawyer has paid on the limousine which he uses for his own pleasure. My statement would not be complete if I left it there. If the doctor employs the lawyer, the cost of the service to the doctor is borne by the doctor himself only until his next visit to the farmer. When he makes that visit he shoulders it upon the farmer. Again, if the doctor and the lawyer perform a service for the manufacturer of agricultural machinery, that individual passes it on to the agriculturist in the price charged for the implement needed on the farm.

Now, I want to tell hon. gentlemen that a fiscal policy such as ours can survive only so long as there is a basic industry to prey upon, and in this case agriculture is the basic industry which has to shoulder the whole thing.

Mr. CAHAN: In what respect is it more basic than fishing or mining?

Mr. EVANS: It may be said that fishing is a basic industry, but from the national standpoint it is inconsiderable compared to agriculture. The worst part of the whole thing is that this tariff policy is destroying the basic industry itself, and that is why agriculture is feeling the pinch to-day. If our protectionist friends here think they can everlastingly go on increasing protection, they must satisfy themselves that there is some basic industry sufficiently prosperous to carry the load.

Mr. CAHAN: Does the hon. gentleman mean to say that agriculture, or wheat-growing, because that is the department of agriculture which he is speaking about—

Mr. EVANS: No.

Mr. BIRD: That is a mistake.

Mr. CAHAN: He said wheat-growing.

Mr. EVANS: No.

Mr. CAHAN: Well, take all the departments of agriculture that you like, does the hon. gentleman mean to say that agriculture in this country sustains our nine million people in their various endeavours?

Mr. EVANS: It does, with the exception of some minor industries. And some more wealth is created out of raw material being manufactured into the finished article. But when our protectionist friends have a fiscal policy which takes out of the pockets of the people even more than the wages paid in that industry, I submit there is no benefit to the nation.

Mr. CAHAN: Does the hon. gentleman suggest that the man who builds a house out of timber of the value of $5,000 does not contribute exactly as much to the wealth of the country as the farmer who contributes $5,000 worth of wheat?

Mr. BIRD: He is not protected.

Mr. EVANS: That man will contribute to the extent that the house afterwards is used to house some one engaged in an industry that brings in new wealth, and only such.

Mr. CAHAN: Is there an industry in this or any other country that does not in its operation bring in new wealth?

Mr. EVANS: I say there is. Most of the industries established in Canada have been a detriment to the progress of the country rather than a benefit.

Mr. CAHAN: That is not my question. Is there an industry which does not produce wealth? I should like to hear of such an industry if it does exist.

An hon. MEMBER: The liquor industry.

Mr. CAHAN: From recent returns that industry apparently produces more wealth than the basic industry of agriculture.

Mr. EVANS: If there is an industry in this country standing on its own feet, then that industry must contribute to its own upkeep; but the very idea of protection precludes any profit-making or any increase in new wealth; and industry in Canada to-day is based on this fact, that it cannot live without protection. Our protectionist friends say that it cannot. Then the value of the finished article must be worth less than the elements entering into its manufacture and the labour that has been put on it. Neither the member for St. Lawrence-St. George nor anyone else can gainsay that fact. If it did not need protection, then it would be worth something more than when in the raw state.

Mr. CAHAN: Will the hon. member allow a question?

Mr. EVANS: Half a minute, please. I repeat, once our protectionist friends say that any article cannot live on its own merit and be sold in the markets of the world, they must admit that with the raw material and the labour entering into the manufacture of that article it is worth less when finished than it was before.

Mr. CAHAN: The other evening I called attention to the fact—

Some hon. MEMBERS: Question.

Mr. CAHAN: I am putting my question. The other evening I called attention to the fact that in one year the iron and steel industry in this country produced in finished commodities $460,000,000. I ask if that $460,000,000 worth of products so produced did not contribute dollar for dollar to the wealth of the country to the extent that $460,000,000 worth of wheat would contribute.

Some hon. MEMBERS: No.

Mr. EVANS: But in the same statement my hon. friend said that the steel industry could not live on its own feet.

Mr. CAHAN: I did not say that.

Mr. EVANS: That it could not stand on its own feet? His one argument was the necessity of protection. Then the steel industry is not a paying concern in Canada, and the farmers, the men engaged in the basic industry of this country, would be better off buying their implements in the markets of the world where they have to sell their own products.

Mr. CAHAN: What proportion of the farm products of Canada find a market abroad?

Mr. EVANS: About 72 or 73 per cent at present.

Mr. CAHAN: Not a bit of it; nearer 20 per cent.

Mr. EVANS: We have this year to find a market for nearly 400,000,000 bushels of wheat when the crop is all marketed.

Mr. CAHAN: Yes, but not outside the country.

Mr. EVANS: Yes, that is what I mean. But I want to pass on. The argument is made by several protectionists that the tariff they need on automobiles is just sufficient to preserve the Canadian market for Canadian cars, it being necessary to offset cheaper construction in the United States owing to closer proximity to raw materials, mass production, and so on. Well, let me present this problem to my protectionist friends. In 1924 we exported over $31,000,000 worth of cars. Surely the United States manufacturers must compete quite as keenly in the markets abroad as they do at home.

Mr. MURPHY: Not necessarily; Canadian cars have the advantage of a preference in that market.

Mr. EVANS: Not at all. In 1924 we exported cars to seventy countries, many of them outside the British Empire.

Mr. CAHAN: In which of them did they not have a preference over American cars?

Mr. EVANS: Not in any of them.

Mr. CAHAN: In nearly every one of them where the cars went.

Mr. EVANS: The fact that we exported $31,000,000 worth of cars is another admission that the tariff is not needed, or else it is used to ensure a profit on the export trade as well as on the home trade. Perhaps some Conservative or protectionist advocate will yet explain how far our automobile manufacturers are using the tariff or import penalty to soak the home consumer so that a profit is assured over the whole of their factory output, whether sold at home or abroad. That is one question I want answered. I say again, if the export trade in Canadian autos is carried on at the Canadian taxpayer's expense, it is time the public was relieved of this burden. When their books are examined by the Tariff Advisory Board I hope some light will be thrown on this subject. Perhaps, though, the next tariff subvention advocate will explain it.

I want to repeat that one thing is certain; either the automobile manufacturer does not need protection in the Canadian market or he is using the tariff to exploit the home consumer, so that he may cut prices or meet competition abroad. A good deal of surprise has been expressed because this matter was not allowed to stand over until the Tariff Advisory Board was brought into action. Every bit of information needed on this question surely must have been open to every Conservative member, and particularly to the leaders of that party. A very able tariff commission went through this country at great expense in 1920. The hon. member for West York (Sir Henry Drayton) was at the head of the commission, and he is reckoned in this House to be an authority on economics and finance. The trouble with this commission was that they were all protectionists, and although five years have passed no report has been forthcoming, for the reason that its findings would be detrimental to those interests of which that party professes to be the docile servitor. That commission, in other words, was afraid to make known its own findings, for party reasons. If such is not the case I would advise gentlemen such as the hon. member for Fort William (Mr. Manion) to apply those findings to the present controversy. I hope the findings of the present Tariff Advisory Board will be open to the public.

I want for a few moments to deal with another feature of the game of legalized robbery, and I hope to show the utter craftiness and gross folly of a fiscal system such as we are tolerating in Canada. I find that the Canadian Milling and Grain Journal of Montreal has been publishing with unconcealed rejoicing editorials from other papers, particularly the Alberta Farmer and the Calgary Weekly Herald. Before going further let me say that the Alberta Farmer is not a farm paper at all, and was never endorsed by the farmers. The Canadian Milling and Grain Journal is not even content with an export duty on wheat; the ultimate aim is to prohibit the exportation of wheat entirely, so that after putting themselves entirely outside of competition in the home market they are going to prevent the exportation of wheat to the United States in order that they may have a freer hand in the markets where our flour is sold. The journal comments on the situation in this way:

> Looking beyond the smoke screen of politics and prejudice the situation admits of one clear cut solution. The whole of the Canadian grain crops should eventually be manufactured into the finished article in Canada, and exported to foreign markets as flour. This is the ideal, and so far from being impossible of attainment through the accident of geography, it is an ideal quite capable of achievement by the powers that be at Ottawa. The whole of the profits of manufecture would thus be retained in Canada. . . . our slogan should be, "Canadian mills for Canada's wheat".

If this means anything it must mean that the whole of the exportable surplus of Canada's wheat is to be kept in Canada for the benefit of the Canadian millers, and that parliament must be employed as the tool of the milling trade in the execution of this most outrageous form of wholesale robbery.

Let us look into this milling business for a little while. The other day the Bulletin of Agricultural Statistics for March came to hand, and I believe the figures therein published are correct. This bulletin gives the price of flour at Liverpool and Winnipeg and other grain and milling centres of the world for the month of February.

Mr. CAHAN: Are those prices wholesale or retail?

Mr. EVANS: Wholesale. Liverpool, top patents, 280 pounds, $11.87; Winnipeg, for 196 pounds, which is our barrel, $9. This works out, for the 98-pound sack, as we buy it, at Winnipeg, $4.50; Liverpool, $4.11⅝. In other words the price is 38⅜ cents less in Liverpool than in Winnipeg. The average price of wheat for the same period, the month of February, was, Liverpool, No. 1 northern Manitoba, $1.90; Winnipeg, $1.54¾. Flour, for the 98-pound sack, was 38⅜ cents cheaper in Liverpool than in Winnipeg, while wheat was 35¼ cents per bushel cheaper in Winnipeg than in Liverpool.

Mr. FOSTER: There is the cost of transportation.

Mr. EVANS: My hon. friend has the cart before the horse. No. 1 northern wheat will make forty pounds of flour to the bushel, but in order to be sure let us allow 150 pounds of wheat for the 98-pound sack of flour. Accordingly the cost of wheat for a sack of flour would be, Winnipeg, $2.32; Liverpool, $2.85, or a difference of 53 cents in favour of Winnipeg. Fifty-three cents on wheat and 38⅜ cents on flour makes a steal of 91⅜ cents on every sack of flour sold to the Canadian public. Allowing nine million barrels of flour each year for the population of Canada this country has paid $16,470,000 too much for its flour. We quibble over a little thing in the budget; who is concentrating our earnings now? Under the protective tariff our millers have enjoyed the Canadian home market for years.

Mr. CAHAN: I would suggest that the hon. member give us the difference expended in wages in milling in Canada and the wages similarly paid for milling in England.

Mr. EVANS: That is a very important question. I cannot answer it explicitly. The only thing I will say is this: The policy which my hon. friend advocates has so driven up the cost of living and the cost of production in this country that all our export stuff is out of line with world prices. There is $16,470,000 of a steal on the nation's flour in one year.

Mr. CAHAN: Is it fair to say that that is a steal without taking into consideration the higher wages paid in the milling industry in this country as compared with England?

Mr. EVANS: I think I answered that question very fairly. Here again is the fact that the products of the basic industry of this country are sold in competition with the cheap labour of the whole world. Canada ought to be one of the cheapest countries in the world to produce anything in, but the protectionist policy which my hon. friend advocates has driven the cost of production entirely out of line with world prices. and that is the answer to his question. If wages are too high for the millers to compete, is it fair to charge that basic industry again enough on the price of flour to cover a profit for the whole of the export as well as the home trade?

Mr. CAHAN: In the first place, does not the hon. member's argument assume that agriculture is a basic industry in some special sense? Secondly, is not the result of the policy which he suggests to compel everyone in this country to enter into the production of agricultural products and nothing else?

Mr. EVANS: The hon. gentleman says we would all be wheat growers.

Mr. CAHAN: There would be no room for anyone else.

Mr. EVANS: It is true that if the basic industry to-day was relieved of this extra burden of protection, our vacant spaces from one end of the Dominion to the other would be filled up with prosperous farmers. What would that mean? It would mean that our industries, every one of them, would be running to provide for that basic industry.

Mr. CAHAN: Or foreign industries.

Mr. EVANS: Because it must be assumed that as agriculture is the basic industry, all others are subsidiary to it. All others should be subservient to that basic industry to have a true economic system, and if the products of those other industries cannot be sold in the world's markets on their merits and their cost of production, then I say this country is better without them. It is a false economic law in any country or in any business carried on by even a private company, where every part does not stand on its own feet.

Mr. CAHAN: Is it a false economic law to produce in this country at a higher cost any article of consumption which may be produced in a foreign country at a lower cost?

Mr. EVANS: If any industry is found on examination to be essential and necessary to the welfare of the country, then the country should carry on that industry at any expense.

Mr. CAHAN: Hear, hear.

Mr. EVANS: But this is what I was going to say: The onus is on the hon. gentleman to show that that industry is really necessary to the welfare of the country.

Mr. CAHAN: That is the issue.

Mr. GARLAND (Bow River): If the hon. member for St. Lawrence-St. George followed out his policy consistently, he would put a high protective duty on anthracite coal.

Mr. FOSTER: Put it on anyway.

Mr. GARLAND (Bow River): You have been urging that for years, but I defy you to do it.

Mr. CAHAN: Oh, well, these autocrats of the west!

Mr. GARLAND (Bow River): It might suit the west very well, but not my hon. friend.

Mr. EVANS: I would be one of the first to advocate a national policy in everything if it would pay.

Mr. CAHAN: Pay whom?

Mr. EVANS: The people.

Mr. CAHAN: What people, the farmers?

Mr. EVANS: All the workers. The hon. gentleman cannot get out of his head the idea that all Canada is contained in St. James street, Montreal, or in Toronto.

Mr. CAHAN: I cannot get this into my head, that it is entirely contained in Saskatchewan.

Mr. EVANS: I was going on to say a little more about the milling industry. That is not the only steal indulged in by the milling industry of the Dominion. In western Canada they have elevators constructed at the points where the wheat of the highest milling value is produced. They have mills at the largest centres also on the prairies, where they buy all the wheat they can get. In this way they skim the cream of the crop here and ship for export what they do not like for themselves, thereby lowering the price, because our price is based on the lowest type of each grade that goes out for export. They also, some of them, have terminal elevators where they mix what they send for export to the lowest possible point for which they can get a certificate, and our price is based on that; and they buy the cream of the crop back home at the price of the grade which they have thus debased. But what is true of wheat is true also of every other protected industry. It is true even of the other natural products that the farmer himself raises. The relative price of oats to oatmeal and rolled oats is a little worse than wheat to flour, or hides to harness and boots and shoes. All these things are out of proportion. The very product of the farm is used to farm the farmer with, and this cannot forever go on. We give all our manufacturers a price-fixing power without any contract being entered into as to the relative cost of the raw material or the amount of labour they should be responsible for. Surely the time has come when this

nation will reconsider the asinine stupidity of giving any class a blanket right to exploit the lives of its people in the future as in the past.

Canada is a country where manufacturing can be carried on quite as advantageously as in any other country. I say this despite all the howls of ruin indulged in by the manufacturers and their representatives in this House. We have been inundated during the last two or three years with literature regarding the dying state of the cotton and woollen industries. Let us see how some of them stand to-day. Let us see how some of them have fared since 1921 when this government began "monkeying" with the tariff and when they created an "instability", as I think it is called. Montreal cottons is the first I have on my list. The lowest quotation of its stock in 1921 was 90, and in 1925 it went up to 116. Penman's common stock in 1921 was quoted at 91, and in 1925 that stock was quoted at 185. Does this look like ruin? The lowest quotation for Penman's preferred in 1921 was 78, but in 1925 it was quoted as high as 103.

Mr. CAHAN: You are giving the lowest in one case and the highest in the other, are you not?

Mr. EVANS: In 1925 the highest was 103 and the lowest 99.

Mr. CAHAN: That comes nearer to it.

Mr. EVANS: In 1921 the lowest quotation for Penman's preferred was 78. Now let me take Dominion Textiles. The lowest quotation for the common stock in 1923 was 61½. In 1925 the highest quotation was 95⅛. Now Dominion Textiles preferred: In 1921, the lowest quotation was 89¼ and the highest 105. In 1925, the highest was 119, and the lowest 111.

Mr. CAHAN: Does the hon. gentleman think that indicates increasing prosperity on the part of the industry?

Mr. EVANS: Well, I do not know why people would be buying the stock at an increased price unless such was the case.

Mr. CAHAN: I could furnish an explanation quickly.

Mr. EVANS: It seems to me that the more ruinous legislation this government brings in, the better these industries thrive. Such are some of the facts as they stand to-day. I would not have spoken on the budget this year but for the fact that the wail of the industrial lords filled the House.

Mr. H. G. Wells lately said he was out to salvage civilization before the disintegration became irreparable. Our ears are deafened these days by the clamour of press, platform and parliament to quit our individual self-seeking, forget our vocational and class interests, stifle our sectionalism and devote ourselves to—what? To the welfare of the members of an acquisitive group arrogantly regarding themselves as the state, who, having control of all those agencies for the moulding of public opinion, try to make us believe that in doing so we are patriots when in truth both agriculturists and workers are made their slaves.

Mr. PRICE: May I ask the hon. gentleman a question? The mileage from Regina to Fort William over the Canadian railways is 776 miles, and the freight rate twenty cents per hundred pounds. The mileage from Glasgow, Montana, to Duluth is 783 miles, or seven miles farther, and the rate is thirty-five cents per hundred pounds over the American roads. Would the hon. gentleman suggest a further reduction in the Canadian rates?

Mr. EVANS: If the hon. gentleman wants an answer to that question I will say that the stand taken by the Progressive party ever since its inception is public ownership and operation of all public utilities, and that these public utilities should be operated at cost and without profit. There is no other country in the world with a railway system with which you can compare the railway system of Canada. Canada has a long haul for heavy commodities such as wheat, twice as long as that in most of the other great exporting countries. So it is unfair to compare the railway rates in Canada with the railway rates in any other country.

On motion of Mr. Donnelly the debate was adjourned.

On motion of Mr. Robb the House adjourned at 11.33 p.m.

Friday, May 7, 1926

The House met at three o'clock.

REPORT PRESENTED

First report of the select standing committee on Banking and Commerce.—Mr. Malcolm.

CHANGES IN THE BUDGET

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, yesterday the Minister of Finance (Mr. Robb) stated there would be no substantial changes in the budget. I do not think I am far astray in drawing the inference that there will be some

changes, about which there may be difference of view as to whether they are substantial or not. I will ask the minister now to say whether he intends to make the nature of those changes known to the House before the close of the budget debate.

Hon. J. A. ROBB (Minister of Finance): Mr. Speaker, if there are such minor changes as it is necessary to submit to the House, surely that is always the procedure. But if the changes are only in minor details, such as are made in committee after listening to the arguments which I imagine my right hon. friend and others may make, I ask him: Is it necessary to present those before the budget is voted on? Let me tell my right hon. friend again that during this debate I have received many compliments from his followers and others as to the popularity of the budget; others have said it is an election budget. I can assure my right hon. friend that any changes which may be made will in no manner take away from its popularity.

Mr. MEIGHEN: Now that the minister has delivered himself of his speech, will he revert to the question I put to him: Whatever the changes are, describe them as he may choose, will they be announced before the budget debate is closed or will they not?

Mr. ROBB: Perhaps my right hon. friend will renew that question on Monday.

Mr. MEIGHEN: Then there will be no announcement on Monday of changes? If I may assume that, I am quite prepared—

Some hon. MEMBERS: Order.

Mr. MEIGHEN: I will try to keep in as good order as hon. gentlemen opposite. I am prepared to adopt the suggestion of the minister if he will guarantee that there will be no changes announced on Monday.

Mr. CAHILL: Guarantee nothing.

Mr. MEIGHEN: Will the minister not say?

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. The right hon. gentleman is entitled to put that question when the orders of the day are called. I would ask the House to maintain decorum.

Mr. CANNON: One question, not six.

Mr. MEIGHEN: The minister asked me to wait until Monday to renew my question. I ask him in return, if when I do that he will say that he will not announce changes on Monday. If he is going to announce changes on Monday, I would look rather foolish putting my question again touching such changes.

Mr. ROBB: I will make no announcement of any changes on Monday until I have listened to my right hon. friend. At least I will go that far with him.

Mr. MEIGHEN: Will my hon. friend not answer me frankly? I asked him if he proposed to make any changes whether he would announce them before the budget debate is closed. This question he asked me to defer until Monday. Now I ask him again: Will he defer the announcement of those changes past Monday? Surely it is a fair question.

Mr. ROBB: What is the point?

Mr. MEIGHEN: My point is this, Mr. Speaker: I want to know in advance whether or not the minister is going to make any changes. I feel that the party which I represent has a right to know, and I will not know in advance if the minister makes changes on Monday with no previous intimation. I am asking him to make that intimation now; he refuses and asks me to wait until Monday. In order that I may be advised now, I again ask him to undertake that there will be no changes announced on Monday, otherwise I will not have any notice in advance.

Mr. ROBB: On the routine proceedings?

Mr. MEIGHEN: Or on the orders of the day, at the opening of the budget debate, or at any time on Monday.

Mr. ROBB: I fear I must be dense, but I do not understand my right hon. friend. If he proposes to ask me again on Monday whether I am prepared to go further than I have gone to-day, he surely would not expect me to be able to answer to-day.

Mr. MEIGHEN: The minister does not understand my point. The question I put to-day was whether the minister intended to alter the budget proposals before the close of the debate. He asks me to wait for an answer until Monday. I am asking him—because I think we have a right to know in advance—whether or not any changes are proposed. Consequently he must defer any changes until after Monday, or we will not know in advance. I am prepared to wait and renew my question on Monday, if he will tell me the changes will not be made then. If he can tell me on Monday that there will be changes made at a later time I will be satisfied.

Mr. ROBB: I will not make any change until I have given my right hon. friend a fair intimation of such proposed change.

Mr. MEIGHEN: One day's notice?

Mr. ROBB: I will not say that.

Mr. MEIGHEN: The minister may give me a half minute's notice, on this understanding, and I think I am entitled to more than that. I am only asking for one day's notice.

Mr. ROBB: When does my hon. friend intend to speak?

Mr. MEIGHEN: I will know better when I know what the budget is. I would like to speak on the budget as it is to be, and that is why I am asking this question, which I think is only fair.

Mr. ROBB: I can make my right hon. friend clear on that. In general what has my hon. friend in mind? Is it the tariff or the income tax?

Mr. MEIGHEN: Mostly the tariff, but I want the minister's answer to cover everything.

Mr. ROBB: I told my hon. friend yesterday that there would be no substantial changes in the tariff.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. MEIGHEN: I am not doing this to delay the House, Mr. Speaker, but it is a matter of extreme importance. Leading a party, as I do, I think I should not be put off with a mere evasion. The question is most simple and clear, and I want the Minister of Finance to tell me to-day whether there are to be any changes made before the debate closes or, if I must wait until Monday to renew my question, will he then undertake that the proposed changes will not be announced until Tuesday at least?

Mr. ROBERT FORKE (Brandon): Mr. Speaker, I would like a little information in regard to this matter. I suppose all hon. members want to know if there is to be any change in the budget. I do not exactly understand this situation. The budget has been brought down; why is it necessary to interrogate the Minister of Finance every day as to whether or not there will be any changes? I want to know the reason; I want to know why there is special privilege. The House is entitled to all the information the right hon. leader of the opposition may receive.

Mr. MEIGHEN: I am trying to get that information for the hon. member, if he will permit me. Perhaps the government would prefer that I ask the hon. member himself. Now I will repeat my question. The minister will not give me any notice whatever, on his answers so far; I ask him again if he will undertake that there will be no changes announced in the budget until we are given notice. I did not understand my hon. friend's answer, if he gave one.

Mr. ROBB: My recollection is that I answered that question.

Mr. MEIGHEN: Will the hon. gentleman repeat it? It was an evasion; it did not answer the question at all. Does he undertake that there will be no changes until we get into committee?

Mr. ROBB: I think I made it clear to my right hon. friend that we would follow parliamentary procedure. I told him that if changes were made before parliament generally, before we go into committee, they would be considered, but that on the general principle this budget will go through as it is.

Mr. MEIGHEN: In the minister's opinion are there changes proposed which should be made before we go into committee?

Mr. ROBB: No, not at this moment.

DUMPING DUTY—AUSTRALIAN BUTTER AND FRUIT

On the Orders of the Day:

Mr. J. L. STANSELL (Norfolk-Elgin): I would like to inquire of the government with respect to certain statements appearing in the press to the effect that, owing to the heavy importation of Australian butter and fruit, and the fact that such imported products were being sold greatly below the market price, the government has imposed and started to collect a dumping duty of 6 cents per pound on butter, and also on certain fruits.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I observe, Mr. Speaker, that the Minister of Customs (Mr. Boivin) is not in his seat at the moment. I will direct his attention to the question asked by my hon. friend, and ask the minister to give an answer early next week.

EQUALIZATION OF FREIGHT RATES

On the Orders of the Day:

Mr. L. J. LADNER (Vancouver South): Yesterday I asked the Prime Minister if any application or representation had been received by the government from Mr. John Oliver, Premier of British Columbia, relating to the reduction or equalization of freight

rates by this parliament. The right hon. gentleman then said that he would answer this question to-morrow, which would be to-day. I wonder if he would be good enough to give me the answer now.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think if my hon. friend would read a little further he would see that I said if he would put his question on the order paper I would try to give him an immediate answer. I will give him an answer when his question is placed on the order paper, but not until then, because I am not in a position to make a reply until I have studied the question.

Mr. LADNER: That reply related to the questions concerning the Peace River block and the Dominion railway belt. This is a different matter; there is widespread public comment in this connection in British Columbia, and I would like to know whether or not an application has been received by the government or by the Minister of Railways relative to the question of freight rates, and their reduction by parliament. Surely the Prime Minister can say if such an application has been received.

Mr. MACKENZIE KING: I have no desire to withhold the information from my hon. friend. In any conversation I have had with Mr. Oliver since he has been in Ottawa, he has not mentioned the subject of freight rates. He may have spoken to some of my colleagues on the question, so I would not like to make an answer until all the members of the government have had an opportunity of saying whether or not they have been communicated with. In this connection I might say, Mr. Speaker, that many questions asked on the orders of the day should properly be placed on the order paper.

Mr. LADNER: But, Mr. Speaker—

Mr. SPEAKER: The hon. member has already spoken.

Mr. LADNER: I would like to ask a question of the Minister of Railways, to whom I addressed the same question yesterday. The Prime Minister then spoke on his behalf, but I would like to ask the Minister of Railways if he has the information and if so, to give it to the House.

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): What is the question?

Mr. LADNER: The question is: Has any application been made or have any representations been received by the government or the Minister of Railways, or has there been any conversation relating to the question of reduction or equalization of freight rates by this parliament, on the application by Mr. John Oliver, Premier of British Columbia?

An hon. MEMBER: How long ago?

Mr. LADNER: Since his arrival here during the present session.

Mr. DUNNING: I can make exactly the same answer as did the Prime Minister. I have no recollection of any such matter being dealt with in conversation with Mr. Oliver. As to representations, I would like the question put on the order paper, and I can then ascertain if there are any written representations in the department relating to the matter.

THE BUDGET

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

The House resumed from Thursday, May 6, the debate on the motion of Hon. J. A. Robb (Minister of Finance) that the Speaker do now leave the chair for the House to go into committee of Ways and Means, and the proposed amendment thereto of Hon. R. J. Manion.

Mr. THOMAS DONNELLY (Willow Bunch): Mr. Speaker, in rising to make a few remarks in favour of the present budget, I wish first of all to compliment the hon. Minister of Finance (Mr. Robb) for his businesslike, concise and clear-cut statement of his budget proposals. I wish also to compliment him for the businesslike manner in which he presented the budget. We have been in session in this House now for something like four months, and though I am only young in the political sphere, having come into touch with politics only in the last six months, I think I am safe in saying that his is the only businesslike address we have heard in this House during the last four months; I mean by that, the businesslike statement we would expect to hear delivered to the shareholders of a large joint stock company or big corporation. I think the hon. Minister of Finance is to be complimented on that.

This budget has been called by different names. Some people have called it the people's budget; some have called it an economical budget; some have called it the poor man's budget; but I believe that it will be known in history as the Robb budget, as a compliment to the Minister of Finance who brought it down.

I wish also to compliment the Liberal party in having remained true to their principle of legislating for the majority of the people of Canada. The Liberal party has always recognized that farming is the one basic industry of this country, and from time to time it has passed legislation favouring that industry, believing always that when the farming industry prospers the whole country prospers. That is the reason, Mr. Speaker, why the country at the present time is prospering, and always has prospered under Liberal administration. It has been the good fortune of the Liberal party to present many satisfactory budgets to this parliament but I think I am safe in saying that this budget outstrips them all. It is, I believe, the best budget we have ever had before parliament in the last twenty-five years, and it is so considered by the ordinary man on the street. I believe the Liberal party should be congratulated because of the stand it has taken with regard to legislation at the present time. Conditions are better in this country, and the improvement is continuing; there is no doubt about that. For proof, all we need to do is to look at the press of the country, and read the editorials and the financial reports, which are all loud in their praise of the better conditions prevailing throughout Canada. In confirmation of that let me read a short extract from the annual report of the Canadian National Railway system for this year, where on page 8 I find this:

> The work of the industrial department has been carried on to the greatest extent possible, with the result that on the Central, Atlantic and Grand Trunk Western regions there were located on or near our lines over 250 plants representing investments to the extent of many millions of dollars, in addition to which very substantial extensions were made to plants already located on our lines.
>
> The industrial development taking place in the Chicoutimi and lake St. John district is remarkable. An enormous amount of electrical power is being developed for use by existing and new manufacturing concerns. The Duke-Price Company is expected to develop at Isle Maligne and Chute à Caron over 1,250,000 h.p. The works in contemplation by the Aluminum Company involve the building of a new town—Arvida—which it is expected will have a population of 25,000 people within a comparatively short time. The very large expenditures involved in this development and the expected permanent employment of a large body of workers should have a present and far-reaching future effect in the province of Quebec in regard to general business and more particularly the pulp and paper and mining industries.

Let me read another extract from the Monetary Times of April 23, 1926. This issue was sent to me that I might read an article condemning the income tax, but on looking it over, on page 5, I find this:

> The budget as a whole has, however, been favourably received and has been regarded as a bet on the part of the government that the present improvement of business is likely to continue or grow better. Business indications generally, it has been pretty widely conceded, suggest that the government has a good chance of winning its bet. Of course, the Conservatives give the credit for the improvement to Providence, and not to the cabinet; but they appear to have given up their thesis, heard too frequently in recent sessions, that hard times were knocking at the door, and that the country was in danger of business collapse. At all events, the change in the Conservative line of criticism is welcome, and is not likely to do that great party any harm. Preaching "blue ruin" has never been good politics in Canada, whether it was done by Conservatives or by Liberals.

These extracts, Mr. Speaker, show that times in this country are getting better, and the government, realizing that times are getting better, have been able to reduce taxation. Many speakers on the other side of the House have said that this is a good thing, that we are doing the right thing now, but that we should have reduced taxation a long time ago. Let me try and answer the man who says that by saying this: A man is not the ruler of his own destiny; he is influenced a great deal by his surroundings by heredity, by the influence of his predecessors. There is an old saw which says that if you want to train a boy right you must begin by training his grandmother. That is just the thing this government has had to contend with, and the grandmother it has had to contend with is the old women who controlled the finances of this country before 1921. The difficulties from which this country has been suffering for some time past have not been due to anything that has been done by the Liberal government; they are due to what was done by the people who ruled this country before 1921, and the conditions from which we have been suffering have been due not only to the things our predecessors did, but to the things they should have done but did not do, and which have left us in the condition we are in at the present time. It was they who made it impossible for us to reduce taxation previously.

It has been argued that the taxes should be still further reduced; I say yes. It has been said that the taxation should have been reduced sooner; I say yes to that also, but the failure to bring these good things to pass cannot be laid at the door of this government; it must be laid at the door of our predecessors who governed this country before 1921. In order to prove this, let me refer to our taxation before 1921.

Now, I want to compare our revenue from taxation with that of the United States for the period from 1914 to 1924 inclusive. Hon. gentlemen opposite are fond of comparing the conditions in Canada with the conditions in the United States, and I want to make a

comparison as regards the revenue from taxation. The figures for Canada are taken from the Canada Year Book, page 743. The figures for the United States are taken from the report of the Secretary of the Treasury. I have added the postal rates, which are not included in their figures, in order to have a fair basis of comparison with the Canadian figures. The figures shown by the comparison are as follows:

Total Per Capita Revenue From Taxation

	Canada	United States
1914	$21 21	$10 32
1915	16 93	9 78
1916	21 42	10 67
1917	28 45	13 94
1918	31 31	43 54
1919	36 91	48 10
1920	40 52	67 10
1921	49 43	56 35
1922	42 72	47 16
1923	43 45	48 26
1924	43 01	40 90

The United States entered the war in April, 1917, and immediately they shot up their taxation. Their fiscal year ends in June while our fiscal year ends in March. The per capita taxation in the United States for the year 1917 was $13.94. It had increased by $3.62 from 1914. This was only an amount sufficient to account for the decreasing purchasing power of the dollar, but in 1918, the first year after they had entered the war, the per capita revenue for taxation in the United States was $43.54. They adopted the plan of paying for the war as it went on; a sort of "pay as you enter" plan if you like, I do not want to be too severe but these things are a matter of national history, the facts are there. The Americans tried to pay for the cost of the war as the war went on, and while they had inflated prices. We did not adopt that plan. We waited until prices began to come down, and then we began to put on the necessary taxation to pay for the war. That was the trouble. So, in 1921 when this government came into power the war had not been paid for and yet the obligation must be met. This government started to meet it. Our revenue in 1914 was $21.21 per capita, and in 1916 it was $21.42. For the year ending March 31, 1918, it stood at $31.31, and when we take into account the depreciated purchasing power of the dollar, that was not very much—we had hardly advanced our revenue at all. In 1920 the American per capita revenue was $26.58 per capita more than ours was. Or, to put it in another way, the Americans collected a per capita revenue in the two years 1920 and 1921 of $123.45. Our per capita revenue for 1919, 1920 and 1921 was only $126.86. That is to say the Americans were collecting almost as much per capita revenue in two years as we were collecting in three. As I say, when the Americans entered the war they shot up their taxation. Now, if we take the years from 1918—the year following the entry of the Americans into the war—to 1923 and total up the amount of taxes the Americans collected during that period, and also total the amount of taxes the Canadian government collected for the same period, we find that the Americans collected per capita $66.17 more than we collected. Now take it on the basis of population. Our population in Canada in the year 1921 was 8,788,000. If we had paid the same rate as the Americans we would have had $581,691,960 more revenue and with the interest and compound interest added the amount would have been brought to something like $700,000,000. Deducting this sum from our present national debt, which is in the neighbourhood of $2,400,000,000, our national debt at the present time would have been only $1,750,000,000. With our national debt reduced to that figure the Finance Minister could have announced a reduction in taxation of another thirty or thirty-five million dollars. He could have done that easily, or have reduced the national debt by an equivalent amount. He could have taken his choice and done as he pleased.

These are not pleasant things to contemplate, but they must be faced. We did not follow the example of the Americans and pay for the war as it went along. Neither did we adopt the system which the English followed. We adopted rather the French system. That is to say we decided to wait until the war was over and then endeavour to pay for it. There are only one or two things which prevent Canada from being in the same condition that France is in to-day. Our country did not suffer from the war in the same way that France did. Furthermore, our national resiliency, our great natural resources, and the character of the people themselves, saved this country and put it back into a sound financial condition.

Now let us look again at what the United States has done. As I say, hon. gentlemen opposite are always comparing Canada with United States, therefore let us make another comparison. The United States faced the question of tax reduction and they dealt with it by means of heavy taxes. They collected more from their people than we did during the war to lighten the burden of taxation in the future and to meet interest charges. Had we adopted the same system in this country we could have achieved the same results. Everybody knows that during the war time many large corporations received enormous

profits. I have just been looking at the report of one large industrial corporation and I find whereas their normal earnings were something like $600,000 or $700,000, that during the years 1917, 1918 and 1919—while the war was on or immediately following it—their income rose to something in the neighbourhood of $1,250,000. Moreover, personal incomes were high during the war. But though personal incomes were high at that time I want hon. members to understand we had no income tax in this country. We had no income tax in Canada until the year 1917 and we began to face it in 1918. We collected $78,000,000 in the fiscal year ending March 31, 1922, when deflation set in. On the other hand the Americans, our neighbours to the south, collected during the year 1917, $1,110,000,000 income tax. We are told that we ought to reduce our income tax and that we ought to have reduced it a year ago because the Americans reduced theirs, but we did not impose an income tax until four years after they did, so that we cannot be expected to reduce our income tax as quickly as they. There is another thing that should not be forgotten in regard to the American system. In that country they have what they call a federal inheritance tax. We have an inheritance tax in certain provinces of Canada, but we have not a federal inheritance tax, and a good deal of money is collected by the United States government from their federal inheritance tax. So that I think we have very little to complain of in this country on account of the condition of affairs. The situation briefly is this: first, because we failed to pay for a large share of the war while it was going on, due I say to the failure of hon. members opposite to face the situation as it then existed and to pay for the war as it was going on, this government has to deal with the condition that confronts it now, and what, therefore, has this government done? It has faced the problem of paying for the war. It has collected taxes, not as hon. gentlemen opposite say, to cover the extravagances of the administration, but to provide for the necessities of government. This had to be done, and the condition was caused by the war. We had to increase taxation to take care of the peak load and I think we should be thankful that we are able now to reduce taxation. We have got over the peak. The situation is better, but still there is a great problem to be faced. I have confidence in the ability of the government and of the Minister of Finance to face it and I have sufficient confidence in this House and the people of this country to realize that they will support the minister in bringing these happy events to pass. I refer to the further reduction of our national debt. I would like to see the national debt reduced still further, and such taxation continued as is necessary to put the country on a sound basis.

I have further evidence to prove that when hon. members opposite ruled the country prior to 1921 they did not try to pay for the war. I wish to place a few figures on the record. In the year 1919 our national debt stood at $1,574,531,035 and in 1922—that is two years—it stood at $2,422,135,802. These figures are taken from the Canada Year Book, page 752, and relate to the period when hon. gentlemen opposite were ruling the country. Of course hon. members will say it was due to the war. True it was on account of the war, but the Americans closed the war at the same time we did. They got through when we did, but did they increase their national debt during those two years? Let us see what they did between 1919 and 1922. I have the figures here. In 1919 the United States national debt stood at $24,479,302,376, but in 1922 it stood at $22,996,416,115; so that they reduced it by about $2,000,000,000. They reduced their debt, not very much, but they reduced it, while our debt was increasing. The year 1922 marked two things in Canadian history. For one thing, it marked the passing of my hon. friends to the left of the Speaker, and it marked another thing namely, the time when this country began to meet its obligations and to cut down its national debt. Look at the figures of the national debt since this government took office. I have taken the figures from the Canada Year Book. In 1924 our national debt stood at $2,417,783,275. In 1925 it was $2,417,437,685 not much of a reduction, but in the year 1926 it was $2,395,084,685, so that a reduction has been made. You will see that under Liberal administration, hampered as the government has been by their predecessors in office, hampered by the legislation and by the load placed upon them, they have started to reduce our national debt. It has not been reduced very much, but still there is a little reduction. They ran the country in a businesslike way, they reduced our national debt, and I would like to see taxation kept up for some years, so as to be able to reduce still further our national debt. In the year 1925 the national debt of the United States stood at $20,211,000,000. These figures are obtained from the Department of the Secretary of the Treasury. They take no account of what is owing to the United States from foreign countries. Debts of this character due the United States amount to about $10,000,000,000 and most of them have been funded. They may not be good debts.

While some of them may be no good, some of them are all right, and therefore we must conclude, taking these figures, that the national debt of the United States at the present time is a little over $10,000,000,000. Their position therefore is much better than ours. Their debt is decreasing rapidly, while ours is decreasing slowly. All hon. members should assist the Minister of Finance in every possible way to guard the treasury thus making possible the reduction of taxation, and of the national obligation, hastening the time when our country will be in a better and a sounder financial position. Some hon. gentlemen opposite are always alarmed lest their income tax should exceed the American income tax and yet they are the people who are afraid that our tariff is not going to be as high as the American tariff. I feel that we, as Canadians, should look after our own business and should not worry about what they are doing across the line. It is all right to study their affairs and methods, and to see if we can gather any lessons from them, but that is the only way in which we should be bothered with their affairs. Let us look after our own affairs.

This, as I have briefly outlined it, has been the financial position of the country since this government came into power in 1921. We were carrying a large burden of taxation owing to the war on which very little taxes had been paid. Our revenue was not meeting our expenditures. If a private individual were to conduct a business or any concern where his revenue was not meeting the expenditures, what would he begin to do? Why, as a normal business man he would begin immediately to cut down expenses, look for the leakages and try to make both ends meet. Now I wish to show that that is what this government did when it came into power in 1921. It began to cut down expenditure and to try to make both ends meet. The legislation which this government has put through has been good and economical. Although the expenditures are large, the revenue for the year 1924-25 being $346,834,479 and the expenditure just a few dollars less, expenditures which were due to the war and the war alone amounted to $167,281,587. If we deduct expenditures due to the war we find that the ordinary running expenditure of the country amounted to only $179,000,000 for 1924-25. If we go back to 1914, we shall find that the ordinary disbursements of the country amounted to $186,000,000 so that our expenditures for 1924-25 really show a decrease over those of 1914. What business has done any better than that?

It is difficult to find any business concern that we can compare this country with; the only company we can compare it with is the Canadian Pacific. The ordinary operating expenses of the Canadian Pacific for the year 1914 amounted to $87,000,000, but for the year 1925 they amounted to $143,000,000. Their expenses have gone up while ours have gone down. I am not asserting that this comparison is complete in every respect; certain things must be taken into account; but one thing we must concede is that this government has not been lavish in the use of its money; it has been an economical government.

The second thing this government deserves credit for is the way in which it has handled the Canadian National Railways. When this government came into power the Canadian National Railways were yearly showing a great deficit. This government consolidated the railways under its control into a national system under one management, that of Sir Henry Thornton, and it took the railway entirely out of politics. The wisdom of that course of action has been evident in the improved condition of the Canadian National Railways ever since.

During the election there was a great deal of criticism of Sir Henry Thornton; we were told that he had added an enormous burden to our fixed charges. It is true that heavy charges were added to the road in connection with fixing up our right-of-way and improving our rolling stock; but I believe that expenditure has been justified by the improved financial condition of the road. An operating deficit has been turned into an operating surplus. What has been the financial condition of the road from the time it was taken over? If we look at Hansard, page 885 for the year 1922, we shall find that the Canadian National with the Grand Trunk had a deficit of $16,000,000 for the year 1921. On the other hand the report that we have received for the year 1925 for the Canadian National Railways shows net earnings amounting to $32,264,414.79, or an improvement of more than $48,000,000 in five years. Surely that is a good record and a step in the right direction.

Let us also compare the ratio of income to operating costs or, in other words, let us see what is costs to make $100, because that is the only way in which one can tell how a business is progressing. In the year 1924, for every $100 the Canadian National Railways made, it cost $92.68, and for the year 1925 it cost only $86.83 so that conditions are improving. This ratio compares

very favourably with those of many other leading railways of the United States when all the facts are taken into account, because we must remember that the Canadian National railway system is only a union of several lines. It is not one large railway built as a unit; it is several railways brought into union. I have not the figures available for all the different leading railways on this continent, but I know the ratio is more than 80 per cent. The ratio of the Canadian National Railways is very slightly over that of the Great Northern, Northern Pacific and the Pennsylvania railway system, and two years ago their ratio was just about the same as the Canadian National is now. The average ratio of ten of the leading railways of the United States is in excess of 84 per cent. I claim that part of this success is due to this government, and the government and the management of the Canadian National Railways under Sir Henry Thornton deserves the highest tribute for so greatly improving the financial condition of the road.

There are several other things for which this country owes this government a debt of gratitude. The government has reduced the tariff somewhat on the implements of production and several other things. Although the reduction is not as much as I would like, when other countries are going tariff mad, putting up their tariffs, it is encouraging to see our country following a sane and safe method by reducing the tariff on the implements of production. This government proposes to go a step further; it proposes to reduce the tariff on automobiles and light trucks. Hon. gentlemen opposite have moved an amendment in connection with this cut in the tariff on automobiles. I hardly like to call it an amendment; it does not suggest any real amendment to the budget at all. It does not come out clearly protesting against the reduction in the tariff on automobiles; all it says is that what the government is doing now it might do at a later date.

There is a good reason why hon. gentlemen opposite have taken this position. Last year some hon. gentlemen voted for a reduction in the tariff on automobiles. Where are they now? Why do they not rise in their place and speak in favour of the reduction this year? I think I know the reason. They feel that they can shelter behind this amendment; they feel that they can go back to their constituents and tell them: Oh, I was not voting against the reduction; I was voting only for a postponement of the reduction. Personally, all I would like to say about that is that I do not think the tariff on automobiles has been sufficiently reduced; I would like to see a still greater reduction.

4 p.m.

Why should we have a tariff of 35 per cent on automobiles and light trucks which are just as essential to farmers and other workers as any other implement of production; when the heavier implements of production receive a protection of only 8 to 10 per cent and the lighter ones only as high as 20 per cent, or an average protection of only 12 per cent? Why should the automobile industry be protected to the extent of 35 per cent? It is altogether out of reason. Twenty per cent is even too much; it should be cut down to fifteen—and there is where we would like to see it.

Mr. McGIBBON: Cut it out altogether.

Mr. DONNELLY: Yes, cut it out altogether. The western people look on the tariff as a sort of tax, and they believe that if the whole Dominion was the same as western Canada, a farming community, Canadians would be better off without any tariff at all. But the people in the east say they need a tariff. To that the western people reply: Well, this tariff is simply a tax on us, but if you need a tariff in order to keep the Dominion together, we are willing to put up with a little of it, but we do not want to have it any higher than we can possibly help; for heaven's sake make it as low as possible because it is a tax on us.

Mr. MULLINS: What part of the west is the hon. member referring to?

Mr. DONNELLY: The whole of the west I have been over just as much of it as the hon. member has.

Mr. MULLINS: Saskatchewan or Manitoba?

Mr. DONNELLY: Saskatchewan, Manitoba, Alberta, British Columbia.

Mr. MULLINS: Not Manitoba.

Mr. DONNELLY: I have been through it all. The western people do not believe that any tariff on agricultural products can help them at all. One hon. member of the opposition has tried to show us during this debate that we could enhance the price of wheat by putting a duty on it, while another hon. member from the same quarter of the House expressed the contrary view. Evidently our friends of the opposition are not agreed among themselves as to what a tariff will do. I find at page 2756 of Hansard that the

hon. member for East Algoma (Mr. Nicholson) said:

> This country would not import wheat anyway. I do not want to beg the question at all, and I will say that in my opinion we cannot enhance the price of wheat by a protective duty.

In other words, he says a duty on wheat will not help us. Now let me give the House what the hon. member for Muskoka-Ontario (Mr. McGibbon) said in relation to this subject. At page 2722 of Hansard I find the following:

> I have gone through every branch of the farming industry in the United States from wheat to cotton, and in every case the tariff raised the price of the farm products of the United States.

Mr. McGIBBON: Quite true, too.

Mr. DONNELLY: We will just see. At page 2725 of Hansard he said:

> —and I want them to take notice because under a condition of free trade the price of wheat normally would be greater in Winnipeg than it would be in Minneapolis.

Mr. McGIBBON: I said it would be greater.

Mr. DONNELLY: Well, this is from Hansard. I thought I was quoting it correctly, but I may have made a mistake. Then the hon. member proceeded to compare the prices of wheat in Minneapolis and Winnipeg respectively for the crop year 1920-21, and from those prices he argued that the tariff imposed by the United States caused the price of wheat there to be greater than in Canada. Now, these are the facts of the case. The only time to make a true comparison is when we had free trade in this commodity between Canada and the United States, which was in the years I am now going to give the figures for. These figures in each case are for the crop year ending August 31, and show the average price:

Crop Year	Winnipeg	Minneapolis
1913-14	89.4	90.9
A little higher.		
1914-15	132.3	133.4
A little higher there again.		
1915-16	113.3	117.4
Quite a bit higher in Minneapolis that year.		
1916-17	205.6	218.4

In every one of those years the average price under free trade was higher in Minneapolis than in Winnipeg. In fact western farmers have often wondered why it was so. Practically it has always been so.

Mr. McGIBBON: Wrong.

Mr. DONNELLY: I beg my hon. friend's pardon. I have the figures here for the different years, and can give them if he so desires. How far back does he want them?

Mr. McGIBBON: I do not want them at all; I have them already.

Mr. DONNELLY: All right. Now let us turn to the other side of the question. I think these figures show conclusively that when we had free trade the price was always higher in Minneapolis. But instead of quoting the crop year 1920-21 to show what the duty would do with regard to the prices of wheat in Minneapolis and Winnipeg respectively, let us take the crop year 1924-25, when the United States government raised the duty on wheat to 42 cents a bushel—higher than it ever had been before. Let us see how the prices compared under those conditions. Here are the comparative prices in the two countries for the different months:

Month	Winnipeg	Minneapolis
August	143.5	141.3
Higher in Winnipeg, although the tariff duty on the American side was 42 cents a bushel.		
September	142.2	138.6
It does not look as if the tariff was sending up the price in Minneapolis.		
October	159.6	154.0
November	164.0	159.4
December	172.7	177.0
A little higher in Minneapolis.		
January	196.2	198.7
February	196.4	195.4
March	176.3	178.7
April	155.9	160.1
May	182.4	173.2
June	171.3	168.6
July	162.0	165.2

Why, the price in Winnipeg has been higher most of the time than in Minneapolis. The average price was 168.5 in Winnipeg as against 167.5 in Minneapolis—and they had a duty against us at that time of 42 cents. And yet the hon. member tells us that if we put a tariff duty on our wheat it would shoot the price upwards.

Mr. McGIBBON: Can the hon. member give us the relative prices in Liverpool during that time?

Mr. DONNELLY: I have not those figures at the moment.

Mr. McGIBBON: He should have.

Mr. DONNELLY: My hon. friend made the comparison between Winnipeg and Minneapolis.

Mr. McGIBBON: I submit that my hon. friend's argument is fallacious unless he gives those figures.

Mr. DONNELLY: I shall be happy to furnish them to my hon. friend if he will come to my room.

Mr. McGIBBON: If the hon. gentleman quoted those figures he would find his argument would not hold.

Mr. DONNELLY: I think I have shown, Mr. Speaker, from these figures that the duty has nothing whatever to do with the price of wheat when we have an exportable surplus. It is simply a case of the working of the law of supply and demand, that is all. Wheat is a world commodity, and the price is governed by the world's market. The same is true of any article which meets world competition and of which we have an exportable surplus; we cannot enhance its price by placing a tariff duty on it.

I wish to take issue with the hon. member for East Algoma (Mr. Nicholson) on a couple of other points. He tells us that he was out in the west for some time and he found Minneapolis and St. Paul were thriving and people were flocking into the surrounding country. He contrasted this condition of affairs with our western country, which was not increasing in population, and he expressed the view that if we would only put on a protective tariff our country would go ahead and our cities would be built up. In reply to those statements I would like to read an article taken from the Morning Chronicle of Halifax, under date of May 5:

Speaking in the House on April 23, 1926 (See unrevised Hansard, page 2863—column 2), Mr. G. B. Nicholson used these words:

"Why is it that while the two cities of Minneapolis and St. Paul have been adding a million to their population and furnishing a market for the people in the northern and northwestern states, the cities of Winnipeg, Brandon, Moose Jaw, Regina, Saskatoon, Prince Albert, Edmonton and Calgary have added less than 100,000"

He then goes on to attribute this marvellous increase in the United States to the policy of protection.

The last census of Canada was in 1921. The American census was taken in 1920. The American census figures give the population of these two cities as follows:—

	1910	1920	Increase
Minneapolis..	301,408	380,528	79,174
St. Paul..	214,744	234,698	19,954
Total..	516,152	615,280	99,128

These are the facts, verify them if you care to do so. The Twin Cities could not have increased their population because their combined population is only 615,280. The increase during the census period was less than 100,000.

Now for the next step. St. Paul and Minneapolis are much older cities than Winnipeg. Population adds population. Because births are a factor in increase of population a city of 300,000 adds more to its population in a year than a city of 100,000. Winnipeg's population in 1910 was 136,035 in 1920 it was 179,087 an increase of 43,052. The United States in 1910 had eight cities with population ranging from 125,000 to 150,000. That is they were then comparable in population with Winnipeg. Only three show a greater increase than Winnipeg—they are Richmond, Virginia, Birmingham, Alabama (in these the increase is only slightly greater than Winnipeg) and Omaha, Nebraska —the latter increased in the census period named 67,505 that was the greatest of any city of its class. Meanwhile the northwestern statee which according to Mr. Nicholson felt the life giving impulse of protection increased in population in the ten years 295,311. (This includes North Dakota, South Dakota and Montana). Our three prairie provinces increased 627,961. So much for that section of Mr. Nicholson's story.

This, I think, sufficiently answers the question of what protection has done for the cities of the northern and northwestern United States, as compared with our own western cities. Then the hon. member for East Algoma (Mr. Nicholson) proceeded, at page 2756 of Hansard, to say that the western farmers must raise cattle, hogs, sheep, and other animals of this kind, predicting blue ruin if they continued the raising of wheat only as they have been doing. The hon. member for Toronto Northeast (Mr. Baker) said the same thing last night, and let me tell these gentlemen that this is an old cry in western Canada; we have heard it for the last twenty years. I have been living in western Canada for the past twenty-two years, and though we have raised enormous crops during that time, our supply of wheat has never been in excess of the needs of the world. We have always had a market for our wheat; sometimes it did not pay as much as we would have liked, but we have always found a market. The western farmer is disgusted with eastern bankers, railroad men, lumber men and business men of every kind who ride through western Canada on the back end of a Pullman, spending two or three weeks there, then return east to write an article telling him how to run his farm. He is sick of that idea. What would the eastern business man think if the western farmer came here and went to the bush, the mine or the bank and told him how to run his business?

An hon. MEMBER: Is not that what they are doing?

Mr. DONNELLY: Let me tell hon. gentlemen that I have been farming in western Canada for the past twenty years, and I would hesitate to go to any one section and tell the farmer there how to work his land. Different sections of the country require different treatment; some are good for raising

wheat, others for oats and other products, while some districts are suited to the raising of cattle. One part of the country is not exactly the same as another.

Mr. McGIBBON: May I ask a question?

Mr. DONNELLY: Just a moment till I get through. I know the hon. member wants to ask something; I can see it in his eye. Just keep cool and swallow this. As I have already said, while I think I know farming fairly well, having farmed in three different sections of Saskatchewan, I would hesitate to tell any farmer how to work his land. I believe we are here to look after the financial interests of this country, and not to dictate how the mines or stores or farms should be worked. If we look after our financial interests and leave the farmer alone, giving him a square deal, he will look after himself.

We have been told that this government has done nothing to assist the farmers in the west, and that our better times have come about through the workings of Providence. I do not think that statement is true. I know the government have helped western Canada by legislation, and I wish to refer to just one thing in order to show what has been done in my own constituency. I point to the retention of the Crowsnest pass agreement, which has meant millions of dollars to the people in my constituency. We ship out of the constituency of Willow Bunch from twenty-five to thirty million bushels of wheat each year, and the retention of this Crowsnest pass agreement has meant a saving of from 5 cents to 6 cents per bushel, or an average of at least 5½ cents. Multiply that out; it is only a short example in arithmetic, and you will see that each year this has meant a saving in my constituency alone of from $1,000,000 to $1,500,000. And yet hon. gentlemen say this government have done nothing for the western farmers. Go to the people in my constituency and tell them that, and see what they say.

The improved condition of the country, especially in western Canada, is due, I claim, not only to Providence, but to some of the legislation to which I have referred which the government has put into effect during the past few years. But there is another factor which has helped to improve conditions. The farmers themselves of western Canada deserve some credit for the restoration of better times in Canada. I believe that the people of the Maritime provinces might do well to copy the example of the western farmers in this respect; it might help to better their condition. The farmers of western Canada faced their own problems when they were up against hard times. By co-operative marketing, and by adopting better methods of agriculture, they have reconstructed their financial condition and rehabilitated to an amazing extent the agricultural industry. While the Canadian manufacturer has stood hat in hand asking the government for a handout, the western farmer has been helping himself. The western farmer may truly say, I think, to the manufacturing industry: We have saved ourselves by our own efforts; perhaps we may be permitted to save our manufacturing enterprises by the example we have given them in self-help and co-operative efficiency.

Let me refer for a moment to this great system of co-operation which we have formed in western Canada, known as the wheat pool. I believe the wheat pool has placed western Canada in a better financial condition and on a better footing than it has ever been in. I do not mean to say that the wheat pool has enhanced the price of wheat, that it is a monopoly that pushes up the price of wheat, but I do say this, that the wheat pool has encouraged among farmers a spirit of thrift that never existed before. Before we had the wheat pool, the farmer sold his grain in the fall, and after he had obtained his money he paid off his debts, and spent what was left; he was not content until it was gone. For two or three months in the year that made business good, collections were good, and the ordinary small business man had to hire extra help in order to handle the increased business. But immediately after the new year, the farmer would come in and ask for credit again; he would have to borrow money to see him through until the next harvest. But since the wheat pool was established, things are different. The farmer receives an initial payment in the fall when he markets his grain, and goes out and pays his debts; he has then little or nothing left over, and he saves what he has. He receives another payment later on in the spring, another in the summer, and another just before harvest. The payments are distributed over the four seasons of the year, and the result is that the farmer never gets very much money at one time, but he always has a little and he has become more thrifty, and has got on to a cash basis. The banks are not lending the same amount of money in the west that they did before, and our business men have not to carry so many farmers on their books as they did before. Conditions in western Canada are very much better than they were, due practically to the wheat pool. I repeat, it has taught thrift. Our merchants and small business men do

not have to hire extra help now in the fall of the year, because business is good all the year round, instead of being exceptionally good at one time of the year and slack for the rest. This system is popular among our business men, who are loud in their praise of the wheat pool.

We have heard no objections from the other side of the House to the return of penny postage, nor to the reduction in the so-called nuisance taxes. Both of these steps seem to be in the right direction, and will help the farmer and the labouring man. They both seem to be popular throughout the country. The country seems to be well pleased with the budget as it is. Let me read a couple of telegrams which I have received from the constituency which I have the honour to represent:

Never was more proud of being a Liberal and a supporter of the Mackenzie King government than I am at the present time when I see the reduction of tariff duties on autos and general reduction of taxes. Wish there was an election to-morrow so I could speak again in the interest of the government and yourself.

That is from one of the largest automobile handlers west of Winnipeg, not a member of parliament, but a business man. Here is another telegram—

Mr. GOTT: From the same man?

Mr. DONNELLY: No, but they all feel alike out there; they are all feeling good. It says:

The Agricultural Society—

This is not from one man only, but the views of a whole society:

—desires to express its appreciation of the reduction in tariff as provided for in the present budget, and to express the hope that the policy of downward revision of tariff will be continued, as it believes same to be in the best interests of western Canada.

Mr. GOTT: Are those telegrams dated 1926?

Mr. DONNELLY: Yes. Does the hon. member want to read them for himself?

The legislation which this government proposes with regard to the revaluation of soldiers' land I believe to be a step in the right direction. We are practically all agreed that the soldiers' land should be revalued. There are some districts in which the valuation appears to have been done in a just and equitable manner, and where the cry is not so strong for a revaluation. In the constituency which I have the honour to represent I have the privilege of knowing many of these men who were valuing the land for the soldiers, and they have done their work efficiently and well. Though there may be cases here and there calling for revaluation, there are not many when we take into consideration how the price of land and everything else was enhanced at that time, but there are other districts where there seems to be something wrong. When we learn from page 2688 of Hansard, in reply to a question that out of forty-eight parcels of land sold to soldier settlers only nine are being held by the soldiers now, thirty-nine having been thrown up, evidently there is something wrong. The land must have been valued too high, and the soldier has been done an injustice. These men who have been crying out to help the soldier have apparently done him an injustice in some districts. The forty-eight parcels of land referred to are in one district only, and there are other districts possibly where conditions are equally bad. It is a necessity that the land should be revalued in such cases. This question should be tackled, and the soldiers given a square deal. To revalue the land in such cases would be only doing what is right and fair. Cases such as are mentioned on page 2688 of Hansard should be investigated, and if we find that any wrong has been done, then even at this late date those who committed the wrong should be brought to justice and be punished.

In conclusion, let me say that we are going forward in this country; we are making progress. This country has a great capacity for progress; we have great natural resources to be developed. It needs work, however, and it needs vision. That vision, in the larger sense, I think the present government has shown. I by no means give servile service to any form of government, but let me ask this: Is it not true that the government has shown wisdom in respect to the tariff, the handling of the railway problem, the financing of this great country, the problem of the revaluation of soldiers' land, the aid for the extension of markets, the effort to broaden trade, and the help given during many years to agriculture—has it not in all these ways, and in many more, done well, and is it not entitled to the confidence of the members of this House and of the country at large?

Mr. GOTT: They are not.

Mr. J. E. ARMSTRONG (East Lambton): Mr. Speaker, it is not my intention to follow very closely the remarks of the hon. member for Willow Bunch (Mr. Donnelly) but there are a few of his statements to which I will refer for a moment. The hon. gentleman said that we ought to look after our own affairs, and not the affairs of the coun-

try to the south. I ask my hon. friend how can we look after our own affairs better than by giving reasonable protection to our farmers and to our industries.

Mr. SPENCE (Maple Creek): How are you going to do it?

Mr. ARMSTRONG (Lambton): I will show you later. The hon. gentleman went a little further. He said that other countries are going mad in their support of a protective tariff. He said that it was nice to see Canada lowering its tariff and advised that we should "cut the tariff out entirely." Those were the hon. gentleman's very words. My hon. friend admits that no other country in the world will trade with us on a free trade basis, but he is willing to open our markets so that other countries may dump their surplus products on our shores. That would be fatal, because we cannot compete with the products of the cheap labour and the lower standards of living of those countries.

The hon. gentleman tells us that this budget is a wonderful budget, and he euphemistically refers to it as the Robb budget. I am sorry that I cannot extend my congratulations to the Finance Minister on this budget. I come from a district that has suffered at the hands of this gentleman very greatly. Many people in my riding have had their investments wiped out, as a result of tariff changes, and many of them have been obliged to go to foreign lands to obtain a job. And while this has occurred in my constituency in a small way, I know of some cities and towns which have lost thousands of inhabitants who have been forced to leave their homes and country for a similar reason. Many of the recommendations contained in this budget are similar to the recommendations which have found a place in every budget this hon. gentleman has presented to parliament since taking office. I will be able to show that the Finance Minister has been tinkering and tampering with the tariff ever since he took charge of this department, and the sooner the people of Canada get him out of office, as well as a number of men by whom he is influenced, the better it will be for this country.

An hon. MEMBER: Order.

Mr. ARMSTRONG (Lambton): This government has shown evidence of folly, lack of foresight, lack of knowledge, lack of conception of the true Canadian outlook, and under the compulsion of a few members who have little at stake in this country, has been responsible for legislation that is not in the best interests of Canada.

The right hon. gentleman who leads the government (Mr. Mackenzie King) was the leader of a party in 1921 which had a majority of one in this House. He said when appealing to the country in 1925 that if he were not given a more substantial majority he would again appeal to the people. This year he came to this House with his ranks depleted, and can only carry on by bargaining and dealing with the Progressives. Two or three men can compel him and his government to do their bidding and bring in any kind of legislation that suits them. The Prime Minister in his manifesto, announcing his appeal to the country at Richmond Hill, said that before further tariff changes would be made an opportunity would be given industries affected thereby to be heard before an advisory board. His followers all over the country used that cry in the campaign. The Prime Minister in the Speech from the Throne in January last made the following announcement:

> —that changes in the tariff should be made only after the fullest examination of their bearing upon both primary and manufacturing industries and that representations requesting increase or decrease of duties should be made the subject of the most careful investigation and report by a body possessing the necessary qualifications to advise the ministry with respect thereto. A Tariff Advisory Board will accordingly be appointed forthwith. This board will be expected to make a careful study of the customs tariff, the revenue to be derived therefrom and the effect of the tariff and allied factors on industry and agriculture.

That is a plain statement from the Prime Minister. But why did he change his mind? What led him to ignore the promise he made? I wish that some of the enthusiastic followers of the Prime Minister and his government who sit opposite, or some of our Progressive friends, would give us some reasonable explanation for the change of mind on the part of the Prime Minister. If a public man, and especially the first minister of the country, can make promises in order to obtain office and then when in office can go back on pledges he made to the people and do the very opposite of what he promised, what confidence can the public put in him? The word of a man in business is supposed to be of value; the word of a man in public life should have even greater reliability. But promises are like piecrust to some of the members of this government who break their pledges with greater ease and facility as the days go by. This budget by its assault upon the accepted tariff of Canada will bring about more unsettled conditions and greater instability in business. The people of Canada will search in vain for anything in the Robb budget which will add one dollar to the

wealth of this country, or help to provide a job for one member of the army of unemployed.

I represent an industry in which over $3,000,000 have been invested, in which hundreds of men have been employed, in which hundreds of others in the allied industries have made a living. The industry I refer to is the oil industry, located in several counties in western Ontario, and also in the province of New Brunswick and to some extent in the western provinces. This industry has been in existence in my district for over fifty years, and many of us have spent the best part of our lives in an effort to develop it. When the Hon. Alexander Mackenzie was Premier of Canada he realized that the flush production of the oil districts of the United States was liable to wipe out the oil industry in Canada. He therefore placed a duty on the crude oil and its refined products coming into this country in order to protect and develop the Canadian industry. This resulted in the building of refineries in Petrolia, London and Hamilton. We have now many large refineries in other cities east and west.

Our industry flourished under this protection. We had about ten thousand producing oil wells in that part of Canada and eight refineries. This protection continued for many years, but about twenty years ago the Hon. Mr. Fielding removed the duty and gave the industry a bonus. This bounty was granted in view of the fact that the industry was not able to carry on without some form of protection, and to recompense the oil producers for the amount of money they were compelled to pay into the public treasury by way of duty on the products used in the development of the industry, because the minister knew that machinery of all kinds, used in the production of crude oil, had to be purchased from protected industries in Canada, or, in the event of their importation from the United States, were liable to duty. This condition existed until 1924 when the Hon. Mr. Fielding was led to believe that enormous quantities of crude oil were likely to be produced in our northwest. In order to protect the people of Canada, therefore, as he claimed, from an undue expenditure which they might be called upon to make in the future, he gave notice that the bounty on crude petroleum would be reduced to one-half in June, 1924, and in June, 1925, would be discontinued entirely. Nothing was offered in lieu of the bounty, which was removed without warning or investigation. This legislation opened up the oil industry to world competition, while producers had to buy all their supplies in a protected market. The producers of crude petroleum sent several deputations to wait on the Finance Minister.

Mr. YOUNG (Weyburn): Do I understand that the fact that they had to buy their raw material in a protected market raised the price to them?

Mr. ARMSTRONG (Lambton): The position is simply this: that every bit of tubing or casing, or machinery of any kind used in the production of oil, bears a tariff of from 27½ to 30 per cent, and in addition to that a sales tax of five per cent has to be added. If those products are brought in from the United States or elsewhere, that duty has to be paid into the public treasury of the country, while on the other hand the producer of crude oil has no protection from world competition. That is simply the position in which we are placed, and it is a most unfair one.

Mr. FORKE: The point my hon. friend wanted to make was that the duty raised the price of the material used in the oil well; that the duty actually raised the price of the machinery? Is that the position? The argument of my hon. friends to my right is that the duty does not raise the price, but my hon. friend from Lambton now states that it does.

Mr. ARMSTRONG (Lambton): The price of the refined oil?

Mr. FORKE: No, the price of the machinery.

Mr. ARMSTRONG (Lambton): I do not think anyone is going to argue that—

Mr. FORKE: Some hon. members do.

Mr. ARMSTRONG (Lambton): —any more than this; that when an industry is protected—as in the case, for instance of the wagon industry in my town, which had a protection of 25 per cent some years ago, when the government lowered it to 17½ per cent, and finally this government lowered it to 10 per cent—the price of the product is generally lower. But in the case I refer to, the wagon industry, the price of wagons today is double the price it was when the duty was 25 per cent, and the factory is out of business. It is standing there idle in my own home town. We had two hundred employees in that factory, representing two

hundred families. That condition destroys the argument of hon. members opposite who believe in free trade.

Mr. YOUNG (Weyburn): You could open it up again if prices were high.

Mr. ARMSTRONG (Lambton): If they had a reasonable protection I have no doubt the factory could be opened up. In the case of the oil industry you cannot expect to close down the wells and open them up again like a factory or any other business; when you close them down they practically go out of business.

Mr. BROWN: It all depends whose ox is gored.

Mr. ARMSTRONG (Lambton): Not necessarily. We do not want any ox gored in this country; we want to pull together. Our friends in the west have been fairly well treated by the people of Ontario and of Canada generally; they cannot deny that. But on the other hand we ask the men of the west, who, like the hon. member who has just taken his seat (Mr. Donnelly), are prepared to wipe out every industry in our country in order that they may live—

Some hon. MEMBERS: No, no.

Mr. ARMSTRONG (Lambton): —to pause and consider the rest of Canada. The hon. member said, "wipe out the tariff". What would you do?

Mr. EVANS: Can the hon. gentleman tell us what special treatment the west has had at the hands of this House?

Mr. ARMSTRONG (Lambton): I have told the hon. member about that before. He knows full well that the railroads of this country are carrying wheat at from five to fifteen cents a bushel less than the railroads of the United States are carrying the same product.

Mr. FORKE: No.

Mr. HOWDEN: Does the hon. gentleman say the railroads do not cary wheat from western Canada at a profit?

Mr. ARMSTRONG (Lambton): No.

Mr. HOWDEN: Where do they make their money when the wheat is moving?

Mr. ARMSTRONG (Lambton): Their own statement shows that those divisions are losing money right along.

Mr. ROSS (Moose Jaw): If you ask the railroads the cost of moving any commodities on their lines, they can produce figures to show that they lose money on any of them.

Mr. ARMSTRONG (Lambton): They know and are not afraid to state that western divisions are losing money.

Since the present Finance Minister has been in charge of this department the strongest kind of representations have been placed before him, facts and figures without end, which prove that this industry has been placed in a position where it is impossible to carry on with a profit. While it is true that many of the producers of crude oil are still trying to carry on, they are simply producing oil at a loss. Hundreds of wells have been closed and abandoned, a number of properties have ceased operating, and were it not that the present producers believe that the day is near at hand when some kind of reasonable relief will come to this industry, many more of them would close.

Mr. McLEAN (Melfort): Will the hon. member allow a question?

Mr. ARMSTRONG (Lambton): Yes.

Mr. McLEAN (Melfort): If these enterprises cannot carry on without a bonus, I should like to know how the hon. member explains the tremendous development in oil properties in Canada to-day as compared with the time when the bonus was paid.

Mr. ARMSTRONG (Lambton): That is an entirely speculative development confined to the northwest.

Mr. McLEAN (Melfort): Not speculative.

Mr. ARMSTRONG (Lambton): Oh, yes. The oil industry is a speculative one.

Mr. McLEAN (Melfort): Does the hon. member know that one single oil well developed in Alberta last year has more than doubled the production of crude petroleum?

Mr. ARMSTRONG (Lambton): I am not finding fault with the development, but I say it is a purely speculative development to a large extent. One of the ministers was asked to give a list of the charters in that northwestern district, and he gave a reply that simply meant that they were without number. I refer to charters under which men could speculate in the development of that industry. Here we are with an industry

that has been established, that has been carrying on or trying to carry on, that has not a bit of protection of any kind, and that is under the disadvantage I have stated in the matter of the purchase of its machinery and equipment. We have asked the Minister of Finance, if he wants to help us, to take the duty off these products, but he will not do it. What can you do in such a case?

Mr. BEAUBIEN: May I ask a question as a matter of information?

Mr. ARMSTRONG (Lambton): I do not wish to prolong this debate.

Mr. BEAUBIEN: Does my hon. friend contend that if the duty was taken off the machinery that goes into these wells it would help the industry?

Mr. ARMSTRONG (Lambton): As far as that is concerned it simply means that we would be able to purchase these supplies in the open market. But I am quite satisfied that the Minister of Finance would say that if we take the duty off these products we will have to do the same in the case of other large industries such as the Page Hersey tubing concern, and so on, and where would you end?

Mr. BEAUBIEN: The machinery that you use is not made in Canada.

Mr. ARMSTRONG (Lambton): The products are largely made in Canada and they are very largely used in that field. This is a basic industry of the country and one of the industries that this government is pledged in its platform to protect. Hon. members must remember that all tubing, casing, pumps, rods, valves, boilers, engines, motors and machinery of all kinds used in the production of crude oil, if manufactured in Canada, carry a duty of from 27½ to 30 per cent, and this duty with the added sales tax the producers of crude oil have to pay. On the other hand if they import their supplies from the United States they must pay into the treasury of this country from $30 to $35 on every $100 worth of goods they buy, while their industry is open to free competition with the flush productions of the world.

Let us compare the condition of the producer of crude oil in Canada with that of the producer of crude oil in the United States, with his flush production, who does not have to pay duty on his tubing or oil-well supplies or on machinery of any kind, and who has no sales tax to pay, while we with our smaller production from each well are compelled to pay into the treasury of this country such an amount of money as will materially help in paying a bounty. The Minister of Finance knows this. He has had statement after statement from large and small companies interested in this industry and those statements bear out what I have said, namely, that scarcely an oil property in that whole district is paying its way to-day.

When the budget was delivered in 1924 many drilling rigs were in operation, but since that time not one drilling rig that I know of has continued in operation in the territory. The drillers have been forced to leave the country and conditions in the oil industry are such that development is at a standstill. How can the Minister of Finance expect an industry to carry on that has to pay from $30 to $35 on every $100 worth of material it requires and that has no protection? It simply cannot be done. What industry could stand up under such conditions? What object has the Minister of Finance in singling out this industry or any industry for special attack? This is an important industry. Why wipe it out?

Our people have made representations to this government time and again, pleading with them to investigate the industry. This change was made without the slightest investigation and it is being continued although the minister is fully informed in regard to this industry. He promised at the last session of parliament to make an investigation, and Mr. Russell, of his own department, who as I understand is a tariff expert, came to our town for that purpose. He spent considerable time investigating the needs of the industry and the position it occupies, and in my presence and in the presence of other men in the town of Petrolia Mr. Russell stated that he had come to Petrolia to investigate the oil industry believing that he would be able to take the duty off practically everything we had to buy that went into the development and carrying on of the industry. We asked that the duty be removed on all products used in the production of crude petroleum, but this government for some reason have not given us any assistance.

When I asked at the beginning of this session for a copy of the report that Mr. Russell must have made to the Minister of Finance in connection with this industry, I was denied that report, and I am still denied it. Why should a government official at the country's expense go to the trouble of making an investigation and not be required to report to members of this House the result of that investigation? Surely the public are entitled to a copy of that report; it cannot be private or confidential. As regards the oil

industry we have nothing to hide. The Minister of the Interior (Mr. Stewart) held the same view in regard to the Hume report on this industry last year, but when it was produced there was in it nothing whatever of a private nature. I respectfully ask that the Minister of Finance lay on the table of this House a copy of Mr. Russell's report. The Minister of Finance knows that if he dared lay it on the table of this House it would condemn the action of the minister in the matter, and that is why he will not bring it down.

In 1924 Mr. George S. Hume of the Geological Survey branch made an investigation into the oil industry for that department. The report of that investigation has been placed upon Hansard, and it contains the soundest possible arguments in favour of some assistance being granted to this industry. It is not my intention to read much from that report; I will read only the last paragraph. These are the words of Mr. Hume:

> My conclusions from the investigations I have been able to make, lead me to believe a withdrawal of the bounty will cause almost wholly the abandonment of the Petrolia, Enniskillen township and Oil Springs fields.

He placed in his report the strongest possible arguments in favour of some form of relief being given to that industry, but nothing has been done.

Mr. BROWN: Is there in that report anything showing the character of the wells as regards productiveness?

Mr. ARMSTRONG (Lambton): Yes; if the hon. gentleman wishes to investigate, he will find in Hansard of last year—I am sorry I have not a copy of it with me—column after column of Mr. Hume's report, which was read into Hansard, taking separate and distinct instances that were most carefully examined. Their books and everything connected with them were examined and their statements appear in black and white in Hansard.

Mr. BROWN: The hon. member did not get my point. Is there any report as to how Canadian wells compare from the standpoint of productiveness with other oil wells in the United States?

Mr. ARMSTRONG (Lambton): There is a great variety of wells not only in our territory but in the United States. In that country there are wells producing two, three, four, five hundred barrels a well per day and more, while ours produce a very small quantity. But this is a basic industry of the country; if it is the intention of the government to wipe it out they have only to continue along the lines they are now following and it cannot possibly live.

How much longer is the Minister of Finance going to continue this treatment which he is meting out to the oil industry? How much longer are the people of Canada going to stand by and see industry after industry wiped out? The minister is the one man in Canada who should have backbone enough to take a stand on these questions; but he is wiping out this industry, and if he continues in the course he is following he will be instrumental in driving tens of thousands of our people out of this country to seek work in other lands because of the closing down of their plants at home. He must know of the tens of thousands who have had to leave their homes and country in order to find work. How many men with their families will have to leave before this budget is disposed of? The daily papers tell us already of men flocking to the emigration office preparing to obtain access to the United States. How much longer will the people of Canada have faith in a man who, while holding the most responsible position of any man in public life to-day, without investigation, without knowledge of the business that he interferes with, opens the door and drives that business to a foreign land? How much longer will the people of Canada stand for the mad lust for power on the part of this government?

5 p.m.

"Back to the land" is the cry of a number of members of this government and the few who are dictating their policy. But I ask the minister or any other hon. gentleman opposite, how many men and women have gone back to the land since they started this cry. How many farmers, on the other hand, have been driven off their lands and compelled to make homes in the country to the south, and how many workmen in our factories have also been compelled to follow the same course. Let hon. members come into my part of the country and they will begin to realize what the policy of this government means not only to the industries there but to farming as well, because our farmers are being deprived of their home market. I sometimes wonder if the Minister of Finance realizes the extent of the injury he is doing to the industries of Canada.

Now, let me direct the attention of the House to another industry in my riding that has been practically wiped out. When this government came into office there were large machine shops manufacturing oil well supplies for oil and water wells in Petrolia. Many of their products were shipped abroad to foreign countries and their reputation was of an international character. This was about the only large industry of its kind in Canada.

It had been in existence for over fifty years. It had representatives in Australia, Borneo, India, East Africa, Persia, Russia and other countries. At the last session of parliament the government reduced the duty from 27½ per cent to 5 per cent on the products manufactured by them, and increased the duty on soft coal, the only kind which they were in the habit of using for all heating and welding purposes, from 14 cents per ton to 50 cents per ton. This means that the government wiped out every bit of protection that was worth while to this industry, and by increasing the duty on the coal they cut the industry both ways. How could any group of business men expect an industry of this nature to carry on under conditions such as I have described? No investigation was made as to the justice of this change; no effort was made to see the effect it would have on the industry; it was just wiped out. Not long ago this company was employing a large number of men with homes in my town and families to support, and many of those men had spent their lifetime in studying the business. To-day a few of them remain on short hours, with no prospect of bettered conditions so long as this government remains in power. I realize to the full what the present day conditions mean to these men, and what this government has done in the few short years it has been in office to destroy their industry. Mr. Speaker, this insane clamouring for free trade in Canada must cease or we must be prepared to sacrifice practically every established industry in this country.

Another industry in my riding is the woollen industry. Since this government took charge of the affairs of Canada fifty-five woollen mills have closed their doors. Thousands of people engaged in that industry have been thrown out of work and many of them have joined in the trek to the United States to find the work that has been denied them in Canada.

Mr. BEAUBIEN: Does not my hon. friend think that fifty-five woollen mills are more than are necessary to supply our requirements?

Mr. McGIBBON: How were they able to keep going before?

Mr. BEAUBIEN: Because of the war.

Mr. ARMSTRONG (Lambton): Does the hon. gentleman appreciate the fact that we do not begin to supply the woollen products used in this country? Before I get through with these remarks I hope he will realize the position in which even our farmers are placed in regard to this industry. Two woollen mills in my district have closed since this government took office. One had been in operation continuously for over fifty years. Canadian employers pay to their help twice as much as is paid in Europe for similar work. The low wages and depreciated currency in foreign countries, together with our inadequate tariff, will soon wipe out all our woollen mills. This is only another breach of Mr. Fielding's promise of tariff stability, and another violation of the pledge of the Prime Minister. When will the government cease selecting special industries for attack? More than two thousand industries have closed their doors since this government took office, and over 600,000 Canadians have had to leave to get work elsewhere. That is equivalent to the population of six cities of 100,000 each, or 600,000 people. And this home market is transferred to the United States. Judging by the hundreds who have taken out papers since this budget was brought down, another 100,000 of our boys are on the move to the highest protected country in the world. Our free trade friends clamour to get into the United States market to buy cheap goods. Do they realize that when they go to the United States to buy cheap goods, they go to the highest protected country in the world?

What has made goods cheap in the United States? Simply the protection which the United States government gives to the farmer and manufacturer.

Mr. McINTOSH: Would the hon. gentleman state what duty the United States charges on agricultural instruments?

Mr. ARMSTRONG (Lambton): I have not the schedule before me, and, anyway, I do not see that that has anything to do with the woollen industry.

Mr. McINTOSH: The hon. gentleman said that the United States was the highest protected country in the world, especially for the farmers. Does the United States charge any duty on agricultural implements?

Mr. ARMSTRONG (Lambton): I have not the schedule before me, so I cannot answer my hon. friend's question.

I have under my hand, Mr. Speaker, two important statements in regard to the textile industry. I have no desire to take up the time of the House reading them, and with your permission I will place them on Hansard. One is a comparison of woollen imports into the United States and into Canada, and the other shows the effect of low duty rates under the French treaty.

These are the statements referred to:

Size Of Textile Industry In Canada

The textile industry in Canada, including the woollen and knitting branch which comprises about one quarter of the whole, is greater than is generally known.

The textile industry directly employs 19 per cent of the total industrial workers, pays 15 per cent of the total industrial wages and salaries, produces 14 per cent of the total manufactured products made, and employs 9 per cent of the total industrial capital engaged in Canada.

The total value of the wheat crop in Canada in 1923 was less than the value of textile products manufactured in Canada; value total wheat crop, $316,934,700; textile products, same year, $334,439,196.

In 1922, the value of manufactured textiles made available for consumption in Canada, that is, the sum of production in Canada and the imports, less the exports, was $436,741,893. This is greater than the value of the products made available for consumption in Canada of any of the other seven groups into which the manufacturing industries are divided, in government statistics, except that of manufactured vegetable products.

In 1923, there were 1,817 textile establishments in Canada, representing an investment of $283,248,204, employing directly 92,669 workers, providing an annual payroll of $81,244,205, and producing goods valued at $334,439,196; the raw materials purchased by the industry amounted to $176,445,427, a large amount of which went to support the workers in other Canadian industries, such as soap making, starch making, paper box making, printing, wool growing, etc. In the fiscal year ended March, 1924, which approximates to the calendar year 1923, a total of $40,611,749 worth of raw textile fibres were imported into Canada and $129,183,911 worth of manufactured textiles.

Comparison Of Woollen Imports Into United States And Into Canada

The reason why Canada loses its population is illustrated by comparing the imports of woollen and knit goods into this country and into the United States.

United States figures are from the Monthly Summary of Foreign Commerce and Canadian figures from Monthly Reports of Trade of Canada, and are for calendar years:

Imports	Into U.S.	Into Canada	Imports per Capita Into U.S.	Imports per Capita Into Canada
	1923			
Cloth	$21,094,694	$23,688,991	$0 18	$2 78
Carpets	13,952,227	1,732,055	0 11	0 20
Knit goods	4,729,376	8,039,228	0 04	0 94
Yarns	8,293,506	4,048,965	0 07	0 48
Made-up	4,397,256	2,903,087	0 03	0 34
Felts	.....	288,582	....	....
Total	$52,467,059	$40,700,908	$0 43	$4 79
	1924			
Cloth	$20,799,783	$25,030,674	$0 17	$2 95
Carpets	15,152,643	1,732,150	0 13	0 21
Knit goods	4,512,869	6,858,974	0 05	0 80
Yarns	5,040,088	3,616,323	0 04	0 42
Made-up	4,160,737	2,406,603	0 03	0 28
Felts	.....	269,753	....	....
Total	$49,666,120	$39,914,477	$0 42	$4 69

Effect Of Low Duty Rates Under French Treaty

The low duty rates granted by Canada to France under the French treaty were put into effect in September, 1923.

The total imports of woollen and knit goods into Canada from France in the twelve months ending September, 1923, which preceded the putting into effect of the lower duties, amounted to $1,439,748. For the twelve month periods ending September, 1924 and 1925, the imports from France amounted to $3,246,813 in 1924 and $3,156,234 in 1925, or an average of $3,151,523 each year following the reductions in duties.

Invoices from France are still valued at the exchange value of the depreciated franc for assessing the duty. In other words, the reduction in the Canadian duties doubled the competition from France, the duties being lowered although the competition was already unfairly assisted by the progressive economic degradation of that country.

For fiscal years ended March the importations of woollen and knit goods from France were:

1922	$ 699,838
1923	1,020,122
1924	2,061,935
1925	3,284,976

It will also be remembered that Sir Henry Whitehead, president of the Bradford Chamber of Commerce, boasted that the low rates granted by Canada to France were the lever by which his chamber of commerce, and the Huddersfield Chamber of Commerce, were able to move the Canadian government to reduce the duties on similar goods coming from Great Britain by 10 per cent.

Now, Mr. Speaker, closely associated with the woollen industry of Canada is the sheep-raising business. We have a lot of fine sheep in my riding, and many of the farmers are very proud of what they have accomplished in this regard. If the Minister of Agriculture (Mr. Motherwell) would pay less attention to wiping out the tariff and more attention to the development of the sheep industry as well as some of the other branches of industry that come under his jurisdiction, it might be better for his department and, incidentally, for the agricultural development of Canada.

Mr. MOTHERWELL: What would my hon. friend suggest should be done?

Mr. ARMSTRONG (Lambton): I will make the suggestion before I close my remarks in regard to this item. That we can raise good sheep in Canada is shown by the fact that at the greatest show of live stock in the world, the Chicago International Stock Show, sheep bred in Canada swept the board of prizes last year, and every year they meet with similar success. This proves that Canadian sheep are right and that the wool is right. And yet we have only 2,600,000 sheep as compared with Great Britain with its small area, where there are 25,000,000 sheep. I wish the Minister of Agriculture to listen to this, for I am sure it will interest him. In the

United States there are over 40,000,000 sheep, an increase in one year of 1,358,000, while in Canada the number of our sheep decreased by 400,000 since this government took office.

An hon. MEMBER: What was the reason?

Mr. ARMSTRONG (Lambton): It is up to the Minister of Agriculture to say. In Australia there are 80,000,000 sheep while in Canada we have only 2,600,000.

Mr. McLEAN (Melfort): Mostly in western Canada.

Mr. ARMSTRONG (Lambton): I wish to call another matter to the attention of the Minister of Agriculture. In Canada we raise only 15 per cent of the 70,000,000 pounds of wool that we use every year. Surely we can find some way whereby to increase our flocks and help fill that order for 70,000,000 pounds of wool per year.

Mr. MOTHERWELL: My hon. friend surely knows that the wool we import is not of the same quality as that which we grow.

Mr. ARMSTRONG (Lambton): The minister knows very well that 15 per cent of the 70,000,000 pounds of wool is an amount so small that it is hardly worth considering. Three quarters of that total amount of wool could easily be produced in Canada. This government has reduced the duty on Australian mutton and lamb to one-half cent per pound, thus flooding our markets with these products. Canadian mutton and lamb are second to none in quality and flavour for table use, and there is no necessity to import them. Yet the Canadian duties were recently lowered from three cents to one-half cent per pound to encourage the sale in Canada of lamb and mutton grown by the farmers of Australia.

Mr. McLEAN (Melfort): Would the hon. member tell the House how the importation of mutton last year compares with that of 1921 and 1922?

Mr. ARMSTRONG (Lambton): I have not those statistics at hand.

Mr. McLEAN (Melfort): They were in the same book referred to by my hon. friend for his other figures.

Mr. ARMSTRONG (Lambton): I am merely making statements which I am prepared to back up.

There is another industry in my riding in which the farmers are particularly interested, and that is the growing of sugar beets. I have already put on record my position in regard to this industry, which has received unfair treatment at the hands of this government, but I would like to add a few words to what I have already said. Without investigation or a word of warning this same Finance Minister reduced the duty on refined sugar one-half cent per pound. Owing to this reduction thousands of farmers whose livelihood depended on this industry were at once notified by the large sugar refineries of Wallaceburg and Chatham that the price they received would be reduced by 50 cents per ton. The hon. member for Kent, Ontario, (Mr. Chaplin) told the House only yesterday of the effect of this cut in his riding. He told how a few years ago, before this government tampered with the tariff, there were 40,000 acres of sugar beets under cultivation in his riding, from which the farmers received $4,000,000; $2,000,000 was paid for labour, making a total of $6,000,000 expended in his riding. Last year the acreage totalled 30,000, and he said this year it would probably amount to 20,000. My district is right alongside that of the hon. member for Kent, Ontario, and anything affecting his part of the western peninsula also affects my district. The loss to these farmers has been enormous, but on top of it all, as though the Finance Minister wanted to discourage further the Canadian beet producer and make it still more difficult for him to engage in the production of sugar beets at any profit, by the treaties with Australia and the West Indies he reduced the duty on raw sugar coming in from those countries one cent per pound. Australia sent in last year 26,000,000 pounds of raw sugar; the West Indies sent in last year 17,000,000 pounds of raw sugar, and they are now put in a position whereby they can pour in the raw sugar at an altogether lower cost, and undermine another great basic industry of our country.

Look for a moment at the position in which our sugar beet growers are placed and the competition they are up against. In the production of sugar beets practically the whole profit comes from the hard work of weeding, hoeing, planting and marketing the beets, which means months of work for everyone on the farm. If the sugar beet growers in Canada have to hire help, they are compelled to pay from $5 to $7 per day for men to do this kind of work. These men work with their backs bent close to the ground with a hoe, the handle of which is only a foot long; hour after hour and day after day they work in that position. Compare their wages with the wages paid in the West Indies or Australia for similar labour. The help provided in the West Indies comes from the second lowest class of civilization in the world; the workers receive less than

$1 per day and live on the cheapest possible food; a handful of rice is a good meal. Their clothing consists of a pair of overalls with a string for suspenders, and if sufficiently optimistic the string is not needed. By the action of the government in thus lowering the duty on raw sugar coming into Canada from these countries, Canadian raw sugar has had a proportionate drop in price, so the government has been wholly responsible for the reduced price paid to Canadian beet growers.

If farmers in the west can produce sugar beets successfully as the minister claims they can—and I am delighted to hear that statement—why not protect them and their market? There is no reason why we should not produce in Canada practically all the raw sugar we need, but to-day we only produce 10 per cent of our own requirements. Why not compel other countries to pay for access to our market? Why oblige Canadian growers to take less for their product and to compete with cheap labour in West Indies and Australia? We protect the manufacturer against cheap labour; why not the beet grower?

Some weeks ago I asked for information in regard to the raw sugar coming from the West Indies, and the minister asked that it stand as an order for return. I sent away for the information and received a reply inside of three days, the accuracy of which I am prepared to vouch for. Field labourers in the West Indies are paid approximately $1 per day, which is probably the scale of wages paid in Australia as well. The freight rate on sugar from the British West Indies to St. John is 18 cents per hundred pounds net, and to Montreal 22 cents. The present c.i.f. price of British West Indies sugar is $3.25 to $3.30 at St. John, and 5 cents higher to Montreal; deduct 18 cents to 20 cents for the price at point of shipment. Under the present West Indies trade agreement now being discussed in this House the rate of duty on raw sugar from the British West Indies is to be 28.712 cents per hundred pounds, on a basis of 96 degrees polarization, as against a former rate of 45 cents. I would like hon. gentlemen to listen carefully to this next statement. This gives a preference in the duty on raw sugar produced in the British West Indies of 1 cent per pound. It is understood that the rate of duty on Australian raw sugar will be the same, although not specifically mentioned in the tariff. This will mean that the Canadian growers of sugar beets will receive $1 less per ton, and you can imagine how they will appreciate such a reduction.

Another very extensive industry in my riding is the dairy and cattle industry. The Finance minister, owing to the treaty arrangements entered into with Australia and New Zealand, has placed that industry in a most precarious position. Canada has imported over 5,000,000 pounds of butter this year from those countries, and the market of the Canadian farmer has been undermined. The Minister of Finance knows very well that if our farmers had been protected in this regard during the past few months hundreds of thousands of dollars which have gone to swell the profits of the cattle men and butter makers of Australia and New Zealand would have been in their pockets.

Mr. MOTHERWELL: Where would the butter have come from?

Mr. ARMSTRONG (Lambton): We can produce plenty of butter in Canada to supply our home consumption.

Mr. MOTHERWELL: Not at a moment's notice.

Mr. ARMSTRONG (Lambton): Canada exported 25,000,000 pounds. Let me go a little further and I will show where this butter will come from. The minister knows full well that he has opened our doors to the products of these countries, and has thereby compelled our people to accept less for their products than they otherwise would have received had the home market been kept for them.

During my address on the Speech from the Throne the Minister of Agriculture said that the importation of butter this year would not exceed 1,000,000 pounds. We told him then that he was mistaken. What does he think now, when our imports have amounted to more than 5,000,000 pounds of butter in four months of this year? Has he any idea when these shipments will cease, or is he in the least concerned? No! Let me just call his attention to a statement made by one of the largest creameries in western Ontario dated April 12 of this year, which statement could no doubt be duplicated in almost any creamery in Canada:

> With the huge shipments of Australian and New Zealand butter pouring in, and with the butter exports of our northwest cut off from the United States by the new United States duty of 12 cents per pound, our market has crashed, as we have been expecting it to crash for the past month.
>
> As an example, we sold to one firm last week 100 boxes of prints at 45½ cents f.o.b. They called us up this morning and stated that they could only pay 42½ cents, and this afternoon they called again and advised us that they had been offered butter, as they stated, from the largest creamery in Toronto, at 41 cents delivered. We finally were compelled to sell them 80 boxes at 40½ cents.

I am enclosing you a couple of letters we received this morning that will show you how the Montreal and Toronto markets are.

Mr. McLEAN (Melfort): Then they have not sold 100 boxes at all? The hon. member said they had sold them.

Mr. ARMSTRONG (Lambton): How could they sell them? The price was going down and down all the time.

Mr. MOTHERWELL: Prices went up all January.

Mr. ARMSTRONG (Lambton): How much higher would they have been if it had not been for the millions of pounds of Australian and New Zealand butter coming into this country?

Mr. FOURNIER: What is the production of butter in Canada?

Mr. ARMSTRONG (Lambton): I placed those figures on Hansard in the statement I made in the debate on the Speech from the Throne. The amount is 280,000,000 pounds, if I remember correctly. It is an ample supply to furnish the whole Canadian market during the whole year.

Mr. YOUNG (Weyburn): What is the duty on butter coming in from Australia at present?

Mr. ARMSTRONG (Lambton): One cent a pound. But if you were to send Canadian butter to Australia you would have to pay a duty of 8 cents per pound, and if it was going to the United States you would have to pay a duty of 12 cents a pound, for they have raised their duty within the last few months from 8 to 12 cents a pound? Why? To protect their farmers.

Mr. YOUNG (Weyburn): Was not the duty raised here also on butter coming in from Australia?

Mr. ARMSTRONG (Lambton): Not at all. The hon. gentleman has in mind the dumping clause. It is true that when the government found these enormous supplies of Australian butter coming in, they thought they would put a stop to it by applying the dumping clause, but even the dumping clause did not keep it out, as the hon. gentleman knows. Does not the hon. gentleman believe that if the Canadian market had been protected at a reasonable rate, Australian and New Zealand butter would not have come into this country in such large quantities?

Mr. YOUNG (Weyburn): We were very glad to get their butter because we had only ten days' supply on hand.

[Mr. J. E. Armstrong.]

Mr. ARMSTRONG (Lambton): That is the hon. gentleman's way of putting it. Similar statements are made about the food supplies in the Motherland, that they have only sufficient for eight days or so. But how can the hon. gentleman say that?

Mr. McLEAN (Melfort): England's supplies keep on coming in to that country.

Mr. ARMSTRONG (Lambton): So does the butter keep on coming in here. I have a letter here from Alex. D. McGillis and Company, produce brokers, Montreal, who says in regard to butter:

This has been a disastrous week, with the disastrous decline entailing heavy losses on account of recent arrivals of Australian butter.

J. M. Ham, commission broker, Toronto, says:

Due to heavy arrivals of foreign butter, and liberal shipments of fresh made from western Canada on consignment, butter prices on all markets have simply collapsed this week. The decline started in Montreal on Monday, and each day, in fact several times during a day, prices have gone lower.

Mr. McLEAN (Melfort): Does the hon. member want to keep out the western Canada butter as well as the Australian butter?

Mr. ARMSTRONG (Lambton): Not at all. I am as proud as the hon. member is that western Canada is producing butter in such large quantities. I am president of a creamery company that was in the habit of shipping to the northwest and to British Columbia car after car of butter, from our district in years gone by. I am glad to know that you are able to produce butter in the west to supply this market, but for the good of the farming community in old Ontario I ask you to help us protect our home market in order that we can carry on and give the farmers of this province a fair return.

While the Australian and New Zealand butter was pouring into this country by millions of pounds Arnold's of Toronto, the large distributors of groceries in that city, carried this half-page advertisement in a Toronto newspaper dated April 8, 1926:

Butter six cents a pound lower than last week.
30,000 pounds Cottage Brand Creamery Butter.

That was a drop of six cents a pound in a few days. This butter had come in from Australia and New Zealand, where the farmers did not have to keep their cattle in the barn in winter and feed them hay and chop.

Mr. MOTHERWELL: Does not butter always drop at that time of the year?

Mr. ARMSTRONG (Lambton): Why should it drop in Canada? Our cows have to

be housed and fed and cared for, but in Australia and New Zealand they do not need to house their catttle and feed them as we have to do ours. That is one reason why our farmers should be protected.

Mr. DONNELLY: What was the price of butter last year?

Mr. ARMSTRONG (Lambton): I have answered a lot of questions, but I am not a walking encyclopaedia.

Now just a word on the automobile industry. This is another industry that has been vitally affected since the present Minister of Finance took office. Not only has the automobile industry suffered at his hands, but the Canadian Manufacturers' Association have stated that one thousand other industries that supply parts to the automobile factories have been vitally affected. Millions of dollars' worth of orders that have been placed in these factories have been cancelled. I know of one factory alone that has had over a million dollars' worth of orders cancelled since this budget came down. You must remember, too that some 3,600 agents and garage men have already made their purchase of new cars for the year 1926, and their stock of old cars is only just beginning to move. The estimate of loss to these men, from a reliable source, is over five million dollars. Sales of Canadian-made automobiles in 1925 amounted to $107,000,000; at least 25,000 employees were engaged in the business of manufacturing motors, and 100,000 people were dependent on the industry and its allied industries. The tariff was changed without any warning, without a public investigation as promised in the Speech from the Throne and on the public platform by many of the members on the opposite side of the House. I am not going to argue that the duty on automobiles and trucks was too high or too low, because speaking frankly, I do not know, and I have no means of knowing, nor have the members on the opposite side of the House who are making hearsay arguments in regard to this industry. I do, however, condemn the action of this government, which after having appointed a tariff board for the purpose of getting just such information regarding industries, should deliberately cut the tariff on these goods over 40 per cent without consulting the tariff board.

The motor manufacturers have presented a reasonable request to this government, that before any definite action be taken in connection with this budget their industry should be investigated by the tariff board now appointed. Surely this is a reasonable request and should not be ignored by the government. The statement I make in this regard is borne out by an "appeal" which is to be found in The Labor Leader, Toronto, dated April 23, 1926. The statement is surmounted by heavy headlines and is published in black type, indicating the importance with which it is regarded. Surely hon. gentlemen opposite do not think this paper is influenced by any but the best of motives. The statement reads as follows:

> An appeal to the members of House of Commons of Canada.
>
> Representing, as you do, the citizens of this great Dominion, "The Labour Leader" on behalf of the men who work in the Canadian automoobile factories and the various factories that make parts and accessories, numbering about twenty-five thousand, with about one hundred thousand women and children dependent upon them, earnestly request you to refer the clause in the budget that deals with the tariff on motor cars to the new tariff commission, so that these workers may have an opportunity of placing their views before them. Gentlemen, forget your political parties, and lend a hand to these hard-working toilers.

In closing let me say that one of the worst features of the action of the King government in its tinkering with the tariff is the fact that the existence of every industry is threatened and all business is made uncertain. Few manufacturing plants or large industries will spend money or invest capital in improvements or branching out. There is no certainty as to the future for them. The fact that a tariff commission was appointed led people to suppose there might be tariff changes. The people were more or less prepared for that. Eight days after a tariff commission was appointed the government, apparently ignoring the commission and without any investigation, made radical changes in the tariff regarding certain industries.

Mr. DONNELLY: Cut out the tariff.

Mr. ARMSTRONG (Lambton): An hon. gentleman from Saskatchewan says "cut out the tariff". That is the same old story. It means the adoption of a policy which will destroy our industries and drive our people from this country.

Mr. McLEAN (Melfort): Will the hon. gentleman permit me a question? He has been very good-natured and very courteous and kind and I appreciate that very much. The question I desire to ask is this: How does he account for the enormous increase in production and in trade during the last four years if all the industries of the country have been ruined, as he and some of his friends have been arguing?

Sir HENRY DRAYTON: There has been no increase.

Mr. McLEAN (Melfort): Yes, a tremendous increase.

Mr. ARMSTRONG (Lambton): The hon. gentleman who has just asked the question realizes to the full that the Minister of Finance in his budget speech distinctly gave credit to Providence for the wonderful development in this country during the past year—

Mr. McLEAN (Melfort): All of it.

Mr. ARMSTRONG (Lambton): —and if the hon. gentleman follows up the suggestion of the Finance minister he will know why it was that the farming industry in particular was able to accomplish what it did.

Now, to revert to what I was saying when I was interrupted, the fact that a tariff board was to exist gave some promise of business stability. But if that board is to be ignored in regard to certain industries, why ask its decision as to any industry at all? Why have a tariff board at all, with all the added expense it entails, if it is not to investigate and report on all industries?

The Minister of Finance, when addressing the automobile delegation at the Keith theatre recently, said he would "stick to his guns" before he even heard what the deputation had to say. Will he be equally as drastic with the tariff commission?

In conclusion may I say that there never was a time when there was greater need of tariff stability in this country? Canada requires capital to develop her mines and woodlands, her water powers and her industries, and to give employment to her people. But what incentive has foreign capital, or for that matter any capital, to invest in Canada while we have a government that will not give a reasonable stability to business and does not inspire confidence in business people? The King government, through the negotiation of foreign treaties and the tariffs, has struck a blow at the industries of Canada and at her basic industry, agriculture, at a most unfortunate time. As long as the present government is in office, our industries, if they live at all, will exist in a state of insecurity. The fate of the various industries which I have mentioned is likely to be the fate of other industries under the King government, and so long as this government holds sway we cannot hope for improved industrial conditions in Canada.

Mr. FRED STORK (Skeena): Mr. Speaker, during the present debate, which has lasted now for about four weeks, we have been treated to a discussion on almost every subject under the sun. The coal question has been debated, also matters pertaining to the production of wheat, oil, motor cars, and sugar-beets, as well as that hardy annual the Australian treaty. In the few remarks which I propose to offer I desire to prescribe for the House a diet of fish. Fish, they say, is a brain food, and as the constituency which I represent is one of the great fish-producing areas of this Dominion I shall devote some little attention to that great basic industry.

At the outset I congratulate the Minister of Finance (Mr. Robb) on the splendid budget which he has presented. It is a most excellent budget, and I have received many letters, and some telegrams, from the people of my constituency expressing their approval of it. One of the outstanding features of the budget is its strength; it is a strong budget. We have been told by members of the House who are in a position to know, that this is the best budget that has been submitted in the last twenty-five years. The amendment offered to it is a relatively weak amendment.

Since last October we have heard a great deal from the Conservative party, and we have read much in the Conservative press, as to the hopeless and weak position of the King government. In the same quarters the present budget is referred to as an election budget. I think that is responsible for the uneasiness of hon. gentlemen opposite. The budget is a good election budget, it is one upon which we can win an election at any time we appeal to the country. We have been told in the Conservative press and by speakers on Conservative platforms that this government is a very weak one. I ask how it is possible for a weak government to win all its by-elections?

Sir HENRY DRAYTON: Oh, oh.

Mr. STORK: I ask how it is possible for it to strengthen its position in the House of Commons—

Sir HENRY DRAYTON: It has not done so yet.

Mr. STORK: —and also to strengthen itself very materially in the country at large. If this is the weak, vaccilating government which our Conservative friends would have the people believe it is, how did it ever muster up sufficient strength and courage to apply the closure in this House? If it is such a weak government, how did it manage to negotiate treaties the operation of which is increasing our favourable trade balance and our standing in the financial world? We found when this government came into office in 1921 that there had been an adverse trade balance of $29,000,000. In 1922 we had a favourable trade balance of $6,000,000. In

1923, it rose to $142,000,000, in 1924 to $165,000,000, in 1925, $284,000,000, and as disclosed in the Robb budget the favourable trade balance amounts to $401,000,000. Now, Mr. Speaker, how can a claim be made that this is a weak government and the country is going to the dogs under Liberal administration, and at the same time how can the Conservative party lay such great claims to the strength of their own party and their position, when the best they can do is to submit to this House the weakest amendment that has ever been submitted to the House in the last thirty-five years? The reduction in taxation, the reduction in the postage, the splendid Canadian National statement and the treatment of automobile duties have all been dealt with at considerable length. The duty on automobiles has caused a great deal of discussion in this House. The Conservative party has always stood for a high tariff, but I feel that they must regard themselves as being in a most unfortunate position at this particular time. They have been telling the people of Canada that industry was going to rack and ruin, that if we tampered with the duty on automobiles that industry would close up. The hon. member who has just addressed the House (Mr. Armstrong, Lambton) has made the usual complaint about the effect of tariff reduction on the industries of this country. The party which insists on saving the country by keeping the tariff high and by jacking up the duties has told us that these automobile industries will be ruined. Having appointed themselves the guardians of the country, they must feel very badly let down when they find the man who makes more motor cars than all the rest of the automobile manufacturers together—

Mr. NICHOLSON: Where does he make them.

Mr. STORK: A lot of them in Windsor. This gentleman tells us he does not require the assistance of any tariff for his business. He says the industry does not require a tariff and he himself is in favour of free trade. That is going even one better than any of us. I have before me an item printed in the Toronto Globe of April 21, dated at Windsor, which reads:

> Henry Ford, Detroit automobile magnate, to-day dealt a hefty blow at high tariff to protect his Canadian industry, when he told The Globe during a brief interview at the Walkerville ferry dock that the plant in Ford City would run better under free trade.
>
> "I am a free trader," Mr. Ford said. "It was not necessary for you to ask me that," he continued. "Mr. Campbell said the Canadian factory would continue to operate, and it is my belief the factory would be better off under free trade, than protected by a high tariff. I am a free trader; that's all there is to say."
>
> Mr. Ford spent the best part of the day in conference with officials of the factory at Ford City. He inspected every department of the plant, halting at some parts of the huge factory to chat with the workmen.
>
> "You can rest assured these men will be kept at work," he told one of the department superintendents.

Sir HENRY DRAYTON: Has the hon. member the same idea as to duties on boots and shoes, furniture and so on?

Mr. STORK: I will deal with that later on.

Mr. MEIGHEN: How much later?

Mr. STORK: Evidently Mr. Ford has decided to get along without the assistance of the high tariff saviours in this country. We find that a budget was presented to the House on Thursday, April 15, in which the announcement was made that duties on automobiles would be lowered. The Oshawa automobile factory closed on Friday, and we on this side of the House wonder whether or not the closing of the Oshawa factory was not advised by the famous board of strategy which has been operating in this House. I would imagine, judging from subsequent events, that the board of strategy had something to do with that. We saw a vast delegation parading through Ottawa carrying banners like an army, these banners describing every physical ill in the country, but there was one that I thought might very well have been carried in that parade, and that would be a banner stating that the Oshawa factory was closed on Friday for political reasons and would be opened on Monday for business reasons. We heard many prophecies in regard to what is going to happen to industries which were favoured by a reduction in tariff. In the last parliament a reduction of duties was made in regard to agricultural implements. I believe that reduction cost this government a seat in the city of Brantford. The election took place in the latter days of October. Strong statements were made in regard to the injury done to the manufacturer of agricultural implements, and yet I find that on January 28, a very few months after the election, the Massey-Harris Company held their annual meeting, and the report of the business year just closed was the best in the whole history of that company barring one particular year. We find that they had an increase of over $1,300,000 in net profits during the year ending November 30, 1925. The report reads:

> An increase of $1,300,000 in the net profits of the company during the year ending November 30, 1925, is recorded in the financial statement. Current liabilities during the year were reduced by $5,000,000.

Mr. MULLINS: Since the tariff has been taken off, how much cheaper can you buy a binder?

Mr. ROSS (Moose Jaw): Forty-four dollars.

Mr. MULLINS: The price is higher now than before the change in the tariff.

Mr. ROSS (Moose Jaw): You can buy a binder in the city of Regina for $44 less.

Mr. STORK: One great benefit accruing to the Dominion under the provisions of the present budget is the fact that, for all time to come it places in its grave the ghost of the whisper of death. A great deal of time has been spent ,and a great deal of newspaper ink has been used in trying to prove to the people of Canada that the whisper of death prevails in the whole of this great country. So far as the province of British Columbia is concerned there is no whisper of death west of the Rocky mountains. British Columbia does not swallow propaganda in regard to this country going to smash simply because the Tory party is not in power guiding the affairs of the great Dominion of Canada.

Even the hon. member for East Lambton, brought up again the claim of injury resulting from the Australian treaty. The Australian treaty has had a marvellous effect upon the prosperity of British Columbia. I wish to quote briefly from a newspaper which I think no one can accuse of being particularly favourable to the Liberal party in that province. I quote from the Vancouver Province of Tuesday, November 3, 1925, just a few days after the general election. I will not quote the whole extract. It goes on to outline what will happen in the way of development in British Columbia and it winds up with this statement:

> The King government, during its four years in office, has not had many opportunities of serving the country in a broad and constructive way, but the negotiation of the treaty with Australia is one good work which stands to its credit.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

PRIVATE BILL

SECOND READING

Bill No. 95, to incorporate the Red Lake and Northwestern Railway Company—Mr. Heenan.

[Mr. Stork.]

THE BUDGET

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

The House resumed the debate on the motion of Hon. J. A. Robb (Minister of Finance) that Mr. Speaker do now leave the chair for the House to go into committee of Ways and Means, and the proposed amendment thereto of Hon. R. J. Manion.

Mr. STORK: Mr. Speaker, when the House rose at six o'clock I was proceeding to say that this government has been largely responsible for the prosperity which the province of British Columbia is now enjoying. I have in my hand a newspaper to which I am sure our friends opposite will take no exception; it is the Mail and Empire. It contains a half page advertisement headed "A young giant still expanding." Appearing in such a paper, I am sure the House will agree with me that it should have the effect of knocking off the funeral plumes from that defunct Canada which the Tory party has been so eager to convey to its political graveyard. After setting forth the prosperity in the provinces of Manitoba, Saskatchewan and Alberta, it has this to say of British Columbia:

> British Columbia is in the throes of the greatest development in her history. The visitor of any of her cities or towns feels this the moment he steps off the train or steamboat. This great pulsating throb of new life is reflected in heavy investments in buildings and commercial enterprises arising out of her basic wealth in mines, forests, fisheries and the fruits of the soil.

That, I believe, is a fair statement of fact. British Columbia is enjoying a wonderful period of prosperity. The Toronto Globe of yesterday contains a short editorial headed, "How it helps the west," and I have no doubt the House will be interested to hear it. It reads:

> Additional vindication of the Canadian-Australian preferential treaty, if such were needed, is seen in the impetus which it is giving to the paper and pulp industry in British Columbia. Because of the Australian market two more newsprint mills are being established, doubling the production of the Pacific province.
>
> Lack of markets has hampered development of the immense resources of British Columbia. It is credited with having available more than 285,000,000 cords of pulpwood, consisting chiefly of spruce, western hemlock and balsam. As recently as 1910 not a ton of pulp or paper was manufactured in the province. To-day it ranks next to Ontario and Quebec, with a capital investment of some $41,000,000, giving employment to more than 2,500 persons. The two existing mills are turning out 200 tons of newsprint per day, and this

will be doubled when the two new mills are operating. It is estimated that the value of this product will shortly reach $20,000,000 a year, much of it finding its way to Australia.

This is further evidence of the beneficial effect of the Australian treaty on British Columbia. In the county of Skeena, which I have the honour to represent, there is one of the finest pulp and paper plants to be found anywhere on the North American continent. It is located at Ocean Falls, and I am credibly informed that the proprietors intend still further to extend their buildings.

The Australian treaty also gives a market for the fish canned in British Columbia. I assert that this government has done more to promote the fishing industry of my province than any preceding government. The budget places sheet tin, which is used in the manufacture of cans, on the free list, thus giving further benefit to one of our basic industries. The county of Skeena is an extensive area and contains vast natural wealth, fishing being one of its basic industries. In this connection I wish to place on Hansard some statistics which I have received to-day from the Department of Marine and Fisheries, and from which it will be apparent that my constituency produces a great deal of the fish taken in the province. This is the statement respecting halibut:

Statement showing the quantity of halibut landed in the province of British Columbia and also District No. 2 during the past five years 1921-1925 inclusive.

Total landings for the whole province

	Cwt.
1921	325,868
1922	293,184
1923	334,667
1924	331,382
1925	309,598

Landings for District No. 2

	Cwt.
1921	252,558
1922	252,753
1923	299,092
1924	293,728
1925	287,415

This gives us some idea, Mr. Speaker, of the important part played by the county of Skeena in the halibut fishing industry of British Columbia. I would now like to read the figures, compiled in the same way, having to do with the salmon fishing industry.

Statement showing the quantity of salmon landed in the province of British Columbia and also District No. 2 during the past five years 1921-1925 inclusive.

Total landings for the whole province

	Cwt.
1921	842,026
1922	1,509,075
1923	1,514,765
1924	1,965,159
1925	1,711,369

Landings for District No. 2

	Cwt.
1921	414,773
1922	828,396
1923	819,517
1924	1,087,094
1925	1,033,870

I have said, Mr. Speaker, that this government has done a great deal for the development of the fishing industry of British Columbia. In 1922 a commission was appointed to investigate the whole of the fishing industry, both halibut and salmon, and every phase of the question was investigated. It was felt that the industry was so important, that so many interests were involved and so many men required consideration, that in place of bringing them all to Ottawa a commission should tour the province and in that way consider every angle of the situation. That commission was very successful; sittings were held in every part of British Columbia, 191 witnesses were examined and a report brought in which was adopted by the government of the day. As a result, the tax on canneries was reduced from $500 to $20; the tax on purse seines was reduced from $300 to $20; the tax on drag seines was reduced from $50 to $20, and the tax of one-half cent per fish caught in seines was abolished. This one item alone meant a tremendous increase in revenue to those engaged in the fishing industry. The license fee was reduced from $5 to $1; the duty on gas engines used for fishing boats was reduced; nets, twine and gear were placed on the free list; the use of gas boats was authorized—

Mr. SHORT: Might I ask a question? Have not nets and fishing gear always been on the free list?

Mr. STORK: I think not.

Mr. SHORT: I think so. You will find that fishing gear of all kinds has been on the free list for many years.

Mr. STORK: I think I am correct. At any rate, the use of gas boats was authorized for the first time on the Naas and Skeena rivers. Prior to to that the old method had been employed, while gas boats had been permitted on the Fraser river and in other parts of British Columbia. In the north they were still compelled to do their work by those methods which had obtained on the sea of Galilee some two thousand years ago. The fishermen of that country are now permitted to pursue their calling in safety by use of the modern gas boat. A policy was also adopted by the government placing the fishing industry solely in the hands of whites

and native Indians. In 1923 there was a reduction of 40 per cent in fishing licenses granted to others than whites and native Indians; in the year following there was a further reduction of 15 per cent along that line, and now the total elimination of others than whites and native Indians is definitely in sight.

In the matter of old age pensions I know of no class of citizens which will hail the advent of such a bill with greater delight than will those fishermen who go down to the sea in ships and eke out a hard livelihood. They grow old quickly in the fishing game, esepecially on the stormy, rock-bound coast of the north Pacific, and those men will welcome the announcement that an old age pension system is to be brought into force.

In 1911, Mr. Speaker, we had an election in this country, held in connection with a reciprocity arrangement. The real issues of that election were lost sight of, and the slogan of our friends opposite became, "No truck or trade with the Yankees." Our American friends to the south naturally heard the people of Canada repeating that slogan, and said, "That is fair enough; we will have no truck or trade with the Canadians," and as a result we now have the Fordney tariff. We have heard a good deal recently about this "brick for brick" policy, but it seems to me to be a question of a brickbat for a brickbat, and the first brickbat thrown hit the fishermen on the Skeena river right in the eye. The high tariff has no supporters in the county of Skeena. I have just placed on Hansard a table showing the tremendous amount of halibut taken from the north Pacific, and the people who are catching halibut are free traders; the high tariff makes no hit with them. They are shipping this vast amount of halibut largely to the American market; it goes out over the Canadian National railways in refrigerators cars and contributes largely to the revenues of the Canadian National, since each refrigerator car earns about $1,000 in the transportation of fish.

But we are under a very grievous disadvantage in connection with this market. Halibut is sold in the open market by auction, and our Canadian fishermen receive two cents per pound less than do the American fishermen who market their catch in that port. All the fish are supposed to be destined for the American market; the buyer, anticipating that he will have to pay the two cent duty, deducts that amount from the price paid the fisherman. Thus this duty of two cents per pound has been for some time a burning question with those people. Negotiations have been carried on and are still in progress, and we urgently and earnestly hope that they will result in the abolition of this duty.

As a result of the improvement in the fishing industry we find two new canneries being built in the northern part of the county of Skeena, and there is also a newly established biological station, put into operation by the Department of Marine and Fisheries for the study of fish life and the general advantage of the trade. At that station they are discovering new varieties and new species of fish. I have lived for a long time in the north country. I have been in the province of British Columbia for some thirty-seven years, and there are varieties of fish there of which I have never heard before. Only last fall, over on the north shore of Queen Charlotte islands, I found a brand new industry. At a little town called Tow Hill there has been established a new clam canning factory. When we speak of clams we all have in our mind's eye the old style of shell which litters the ocean beach, but this particular clam which they are developing at Tow Hill is a brand new variety, and I would imagine it to be the aristocrat of the clam tribe. It is enclosed in a case which looks very much like a spectacle case that a man might use, made of tortoise shell. The shells are as thin as paper, beautiful in finish and colour, about 7 inches long and 1¾ inches wide, with the ends rounded. They make a very beautiful looking shell. These clams are of such a quality that there is an unlimited market for them. It is something entirely new. This is just one instance of what can be procured by scientific research, by investment and by the far-sightedness of the people who live in that country.

I discovered while I was at Tow Hill that they have there one of the finest natural beaches, I should think, on the known globe to-day. It has been my good fortune to have visited the beaches in California, the sands at Blackpool and Ostend, and I say without hesitation that on the north shore of Queen Charlotte islands is a sand beach as hard as a cement floor, fifty miles in extent—the greatest natural speedway that one could find anywhere. Fifty, yes, one hundred, automobiles could race along this speedway for fifty miles, and I am sure that when Sir Henry Thornton gets his eye on this locality, with his desire to attract world tourists and build up the Canadian National railway, when he brings to bear his activity on that section of the country, we shall have an improved steamboat service from Prince

Rupert to Alaska via the Queen Charlotte islands. This beach I speak of is one of the greatest natural advantages, I think, which the whole of the north country possesses. If Burns or Byron had visited such a spot, it would be interesting to see what they would have produced in the way of description of what I regard as one of the greatest wonders of the North American continent.

Seventeen years ago, in the town of Prince Rupert, Sir Charles Rivers Wilson, who was then the president of the Grand Trunk Railway Company and also of its subsidiary the Grand Trunk Pacific, made a speech in which he said he regretted the fact that he was an old man with not many more years to live, but that even at his age he hoped to see before he died the fulfilment of the project of the Grand Trunk Pacific. He said he hoped to see going out of the port of Prince Rupert the trade and traffic of the western prairies, and coming back through that port the wealth of the Orient. This grand old man has long since passed to his rest. The defeat of Sir Wilfrid Laurier in 1911, the death of Charles M. Hays, the change of government in 1911, the stress of war, the further fact that the Grand Trunk Pacific had its throat cut by Mackenzie and Mann,—due to all these things the development of that great country has been temporarily arrested. There was a period of stagnation between 1911 and 1921, but, Sir, under the present Prime Minister, and under the genius of Sir Henry Thornton, this country is now beginning to be developed, and with the tremendous improvement in the situation of the Canadian National Railways, as stated in the budget, and with the improvement of the Grand Trunk Pacific, we can look forward to the future as being bright and promising.

Before I resume my seat I wish to deal for one moment with a matter which received a great deal of adverse criticism and unfavourable advertisement during the last election campaign. From every Tory newspaper in the Dominion of Canada and from every Tory platform throughout this country there was hurled at the Prince Rupert elevator the charge that it was one of the crimes of the Mackenzie King government. Even in the recent by-election in Middlesex, if I am correctly informed, the hon. member for Fort William (Mr. Manion) took further occasion to refer to this matter. Our Conservative friends, who have had so much to say in denunciation of this proposition, ought to remember that within three months of the day they came into office in 1911 their first act in this despised town of Prince Rupert was to expropriate from their own friends 100 feet of frontage on Third avenue, at a price, set by their own board of arbitrators, of $95,000. Then out of the native rock they chiselled a basement at an additional cost of $25,000. We have a very wet climate in that part of the country, and this post office site was so located that it acted as a drain pool for the surrounding land, with the result that this basement filled up with water. Then our loyal friends who think so much of Prince Rupert installed an electric pump, operated by one of their own friends. This pump would work night and day pumping out the water, and those of us in the north country who were doing what we could to keep up our courage during the dark days of the war had our courage renewed and our spirits revived by listening night and day to the patriotic heart throbs of the Tory pump working in the government cellar. When they criticize this Prince Rupert elevator they ought to say that they themselves in 1911 gave the people of that north country reason to hope that they had located in a place that would be advantageous. Let me say that this elevator at Prince Rupert has been completed now only a matter of seven or eight weeks. The sawdust and the shavings have scarcely been removed, but still things are moving. The elevator there will be used. The dream of Sir Wilfrid Laurier, the speech of Sir Charles Rivers Wilson, and the hope of Charles M. Hays will yet be realized. The elevator at Prince Rupert will hold grain that will be exported shortly to the Orient, and in return there will come back to the Canadian National railways for transportation to the east the silk of Japan and of China, and other oriental wealth. The prophecy of the grand old man who has gone to his rest is coming true. It is coming true rapidly, and it is heartening to pioneers of that northern country who have staked their all, and who are living in the hope of seeing the completion of the Grand Trunk Pacific Railway and of witnessing the prosperity that is bound to come in time to the whole of the northern part of the province of British Columbia.

Mr. T. L. CHURCH (Toronto Northwest): Mr. Speaker, I believe that any tariff introduced into this House should be based on the principle of protection. In my opinion a proper application of the principle of protection will solve all the economic ills of every province in the Dominion from Vancouver to Halifax. I believe in protection as a principle, not as a privilege. I do not believe in

protection for the sake of the manufacturers or for the sake of the bankers. If a protective policy is intended simply for the benefit of the manufacturers and the bankers the sooner it goes the better. I believe in protection for all the people to build up a united Canada. The proper application of the principle of protection will do what it has done in the United States; it will solve the economic needs of the country, safeguard our industries, protect agriculture, the greatest industry we have, and will make our people happier and more contented. In acting along that line we shall be taking a leaf out of the book of the United States. They started as an agricultural country in 1840, just as did Canada earlier in its history. In the United States they found it was necessary to have manufactures, and they began to supply their whole wants. They began to produce everything they needed for their own comfort, with the result that to-day the United States is the highest protected and the most prosperous country in the world, and a country that came out of the war, probably, in better shape than any other nation.

I observe that the hon. member for South Perth (Mr. Sanderson), speaking in this House yesterday, said that the province of Ontario is not the whole of Canada. Of course Ontario is not the whole of Canada. I do not know that anyone ever suggested that it was except the hon. member for South Perth. No; Ontario is not the whole of Canada, but it is a part of Canada, and it is becoming also a good sized part of the United States in view of the daily exodus of our sons from this country. Over 100,000 men who fought the battles of this country for civilization in France and Flanders have had to leave Canada and have gone to the United States to seek a job. New Ontario has been economically annexed to the United States. Why do I say that? Because New Ontario has been a happy hunting ground for American millionaires for years past. Mr. Drury, the former Premier of Ontario, gave to Mr. Backus, a Milwaukee millionaire, an enormous timber area, an empire in itself. In addition to that, mines in New Ontario, containing such mineral wealth as copper, zinc, nickel, and so on, have been given away and are largely owned by American millionaires. Our water powers have also been parted with to a large extent —and the country which loses the control of its water powers loses the key to its industrial life. Sir, the hon. member for South Perth and the few gentlemen from the Farmers' party allied with him will not be here very long if they do not unite in the support of a policy which will be of advantage to the province of Ontario. It is pretty nearly time that the old province of Ontario had a ginger group in this House that would rally to its support whenever it was necessary. As I have pointed out on a previous occasion, Ontario contributed forty-four and a half per cent of the total sum needed for the support of the country, made up as follows:

Cash contribution..	$155,936,028
Subsidy..	2,642,611
Net contribution..	153,293,416
Population..	2,933,662
Contribution per head of population.. ..	$52 21

Hon. gentlemen will see that I am right when I say that Ontario is contributing forty-four and a half per cent of the total amount needed to run the country. What are we in Ontario getting in return? Nothing but the privilege of paying taxes. That is all we are getting. If any adjustment of freight rates is made it is carried out at the expense of Ontario. Look at the important industrial interests which are congregated in the city of Toronto and the surrounding districts. Not only are there great manufacturing industries in operation, but market gardening and mixed farming is actively carried on in the outskirts of the city. But these industries have no protection. I repeat it is pretty nearly time that we had a ginger group from Ontario in this House to look after the interests of the province.

It is time that some regard was shown for the interests of the province of Ontario. We do not want anything out of the way, but we do not want to be hewers of wood and drawers of water for other parts of Canada. For nearly three months the province had not a single cabinet minister in the government. It is true that we have to-day a young cabinet representative in the person of the Minister of Labour (Mr. Elliott). I do not know what administrative duties he has to perform to-day because the powers of the Labour department by the decision regarding the Industrial Disputes Act have largely been taken away. If this portfolio is all the province of Ontario is getting to-day in the way of cabinet representation it is not getting very much. However, we do not expect very much as long as the present government remains in office. It is pretty nearly time the various groups in this House united in order to give Ontario a show. Charity begins at home, and it is about time we had less talk from the hon. member for South Perth as to Ontario.

For the purposes of comparison, let me show what the province of Saskatchewan contributes towards the revenue. I give the figures as I have already given them in the case of the province of Ontario:

Cash contribution..	$4,753,158
Subsidy..	1,901,061
Net contribution..	2,852,097
Population..	757,510
Contribution per head of population.. ..	$3 76

Or one-eighth of one per cent of the total amount required to carry on the government of this country. What cabinet representation has the province of Saskatchewan got? It has the Minister of Railways (Mr. Dunning). I do not know what there is for the Minister of Railways to do at present time. In former days when appeals on railway matters were carried to the Privy Council of Canada there was something for the Minister of Railways to do. But his powers have been taken from him and handed over either to the railway commission or to Sir Henry Thornton. Sir Henry Thornton does not recognize any Minister of Railways. He is all by himself a branch of the legislature himself. He said the other day down at Boston that there were only three classes of people in the world. Americans, Canadians and foreigners—not knowing that the people of Canada are British subjects to the core and that this country is part and parcel of the British Empire.

West of the Great Lakes the government has a Minister of Public Works (Mr. King) from British Columbia. We have the Prime Minister (Mr. Mackenzie King) from Prince Albert, and we have the young Minister of Agriculture (Mr. Motherwell) from Melville. The leader of the Progressives out west is the deputy Prime Minister of Canada, the hon. member for Brandon (Mr. Forke), and we have two hon. members from Winnipeg who help the government to make up its mind. And I think it is pretty nearly time Ontario was given a chance. Let us be fair to the province of Ontario and give it an opportunity to develop. No province in Canada to-day suffers the economic ills with which Ontario is afflicted, with its closed industries, the instability of the tariff and the uncertainty of business conditions, combined with a large exodus to the United States.

The hon. member for Toronto Northeast (Mr. Baker), who spoke last night, emphasized the necessity of studying the French language. The people of Ontario are fond of their neighbours in the province of Quebec. Anyone in Ontario who wants to study the French language is welcome to do so because that language is taught in our high schools and in our universities. The people of Toronto have a liking for their fellow Canadians in the province of Quebec; sixty-six thousand young men from Toronto showed on the battlefields of France the admiration they had for that country and learned French in the classes of 1914-1918. These young men gave an exhibition of patriotism and of regard for France, that will live for all time. There is no city in Canada where France is more highly respected than in the city of Toronto—the glorious French nation towards whom the eyes of the whole civilized world were turned in the war: their awful sufferings and trials will live in history as an example of the most sublime patriotism.

I desire to say a few words about protection as a principle. Until the world makes further progress in the recovery from the war, we must doubtless expect to see the smouldering embers of the old conflagration breaking out here and there, disturbing the economic and industrial equilibrium; and in such a disturbance we must learn to distingush brush fires from conflagrations. One need not be an economic expert to do this well enough for most practical purposes. A simple rule-of-thumb test which anyone may apply is to measure the different nations in the light of the following points which constitute in order of importance five principal stages of economic reconstruction.

1. Stable government
2. Determination of debt.
3. Balancing of budget.
4. Stabilization of currency.
5. Reorganization of industry.

Considering the budget presented by the Minister of Finance, we find five cardinal principles aforesaid all violated. The first is stable government. Have we such a government to-day? I do not think so. They do not know their own mind for one minute. Last year they brought in two or three budgets. We have no stable government at present. Then the next point is the determination of the debt of Canada. Can anybody know what our debt is? They claim a surplus, and they give us a lot of figures. The minister points out $40,000,000 of a frozen asset of moneys loaned the National system which pay no interest. This is merely done by a system of bookkeeping items. When we add that sum to the amount on the other side it gives us $110,000,000. Then the third is the balancing of budget. Of course that does not mean anything; you

can prove anything by figures. Then fourth, is the stabilization of currency. They have not accomplished anything in that line. The fifth item is the reorganization of industry. They have accomplished nothing in this regard. There is no way of reversing the order of these steps or of skipping a step. Progress in each stage depends absolutely upon a complete fulfilment of the requirements of the stage preceding. By the application of this yardstick one may be aided in distinguishing between those disturbances which strike at the foundations of the economic structure and those which represent merely some house cleaning in the upper stories. As I say they failed on all points.

Then I say that a safeguarding of industries act should be applied as a principle to our raw material instead of our exporting them to the United States, to have them manufactured there into the finished product and shipped back to this country for sale. As I said before, unemployment in this country is due to the fact that we have failed to develop our own natural resources and to conserve our own raw material. We are exporting in the raw and crude state to the United States various materials that we could manufacture at home. Take for example the case of asbestos; we are sending out $6,000,000 worth of raw asbestos taken from the bowels of the earth in Quebec, and that material when manufactured in the United States yields a return of some $75,000,000. We are exporting mica, nickel, pulpwood, power and coal. If we manufactured or utilized these articles in this country, it would provide work for tens of thousands of men. Canada supplied 85 per cent of the mica of the world, and 95 per cent to the United States. In 1924 Canada sold 112,000 tons of mica to the United States in the mill fibre state, only one degree removed from the crude. For that we received $5,546,000. When that was manufactured in the United States, it realized $70,000,000 worth of the finer products of asbestos, and another $10,000,000 worth of rough asbestos. Had we developed our own mica, $80,000,000 would have been distributed among Canadians.

Canada controls the world's supply of nickel. We need fear no competition in this particular article. We should develop nickel in our own country and help provide employment here. Canada's great nickel deposits give the United States all its supply and the world 85 per cent of its supply. Canada is limping along on a low tariff while the United States grows prosperous on a high tariff, three times as high as ours. The United States controls seventy-five per cent of the silk business of the world and seventy-five per cent of the rubber manufacturing, and yet not an ounce of rubber or silk raw materials is produced in that country. A proper protective tariff would induce growth and expansion here as nothing else in the world could.

No one knows better than the grain growers in the west what need there is for some change in our system. Their grain is being taken across the line to Buffalo where there are now twenty-eight elevators, and it is being milled there, mixed with American wheat and exported overseas, while the identity of Canada's fine hard wheat is destroyed. All the employment that is furnished by those twenty-eight elevators in Buffalo would give work to 15,000 men at Port Colborne and other lake Ontario points, if a duty and embargo were placed up to 45 per cent on wheat, having it milled in Canada and exported entirely through Canadian channels. I am glad that we are getting some converts in this regard, one hon. member to my left having advocated this policy.

We are certainly not developing our natural resources in this country as we should, for if we manufactured our mica and utilized our power and our coal in this country we could provide work for tens of thousands of men. Last year Canada sold 4,350,000 cords of pulpwood to the United States, receiving $13,000,000 for it, while this raw pulpwood was converted in the United States into a value of $67,000,000. We sent one-third as cordwood, one-third as pulp, and one-third as paper. We are also sending $100,000,000 every year to the mine owners in Pennsylvania. We could use $56,000,000 of that sum to provide work and wages in the Maritime provinces, in Alberta and in central Canada. And do not forget that Canada on the other side of the account buys back the manufactured products of these raw mineral materials which are manufactured in other countries. Do not forget that copper, as a raw material, is being exported in bulk and is being manufactured in the United States into articles worth millions of dollars. For example, I know a large firm in Toronto which last Christmas purchased 30,000 radio machines made in New York, Boston and Providence, and the best parts of these sets were manufactured from Canadian copper. Last year Great Britain purchased about 145,000 tons of copper, and Germany took three times that amount.

The Liberal government have done everything by fits and starts; they have not ac-

complished anything with the tariff. The hon. member for Skeena (Mr. Stork) did not approach the subject from the standpoint of the Liberal platform of 1893, because not one of the planks of that platform has been carried out. Hon. Alexander Mackenzie said:

> There is no policy more consistent with what we call the dark ages of the world than that of protection as a principle.

I would apply protection as a principle all over the country. He says further:

> There is no principle more consistent with the advance of human freedom, no principle more in accordance with the great prosperity which prevails in our time, than that of absolute freedom of commerce.

Here is a quotation from a speech of Sir Wilfrid Laurier at the Liberal convention in Winnipeg. He said:

> If the National Policy had any basis at all it was that the bread of the people should be taxed. It was an inhuman policy that would make bread and fuel dearer. It is always easy to increase the tariff because by so doing you increase the private fortunes of certain individuals.
>
> We stand for freedom. I denounce the policy of protection as bondage—yes bondage; and I refer to bondage in the same manner in which American slavery was bondage; not in the same degree, perhaps, but in the same manner. In the same manner the people of Canada, the inhabitants of the city of Winnipeg especially, are toiling for a master who takes away not every cent of profit but a very large percentage, a very large portion of your earnings for which you sweat and toil.

I will not quote any further regarding that particular convention, but on the tariff issue the Liberals of this country have never had a settled policy since Sir Wilfrid Laurier was their leader in 1897. The principles of Liberalism of which we hear so much from the hon. member for Prince Albert (Mr. Mackenzie King) produced this state of affairs. It has been a disturbance in the economic life of the nation. The principles of Liberalism, so often on the lips of Mackenzie King, were faithfully applied by him to the tariff question and produced a bluff designed solely to fool a sufficient number of the electors to get into office. There was never any real concern in the mind of Mr. King, as there was never any in the mind of Sir Wilfrid Laurier, of a stable tariff for Canada. The Progressive movement in western Canada has been betrayed by its leaders, who are Liberals first. The sincere Progressives backed the movement in protest against Sir Wilfrid Laurier's failure to carry out his promises of free trade. But the leaders who came to the front in the Progressive party were men with feet of clay. They fell quite readily into the traps set by the Liberals. Instead of punishing the Liberal party, which furnished the sole reason for starting the Progressive movement, the Progressives have proved themselves a prop and a stay to give the Liberal party a longer lease on life. The only difference between the two is the difference between tweedledum and tweedledee.

I believe the National Policy should further be applied to the patent law of this country. If you look over the Dominion patent office records you will find that a vast number of patents are held by Americans; they come over here Monday, leave on Tuesday with a patent, and go home to the United States and manufacture under the patent. That applies to patents for engines and motor cars. I wish to draw the attention of the House to a great grievance in this connection, to an evil that is wrought in any country against its labour and which is every day working in Canada. Our patent laws are absurd. They are pro-American and anti-Canadian; that is all they are. They are very injurious to the labour interests of Canada and have the effect of sending our workmen to the United States. The patent law is framed in a way to give the benefit to all those outside of Canada while our labourers in Canada are suffering. In the majority of the patents granted in the Dominion patent protection is given to persons outside of this country, and the products to which they relate are made or manufactured and shipped in to Canada, giving no labour in the making or manufacturing of the same to the workers of this country—just a case of dump, dump, dump under the protection of the so-called patent law. That is a nice kind of patent law for a national policy country like Canada. Books, periodicals, magazines and a host of other printed matter printed in other countries and having copyright protection in this country are shipped here involving no more labour in Canada than transportation and distribution. A number of automobile manufacturers with patents are only assembling the cars here, giving the labour of making the parts to workmen in other countries.

Machinery of all descriptions, household articles, wearing apparel and other articles too numerous to mention are patented here and made elsewhere. In regard to chemical processes for the refining of minerals, the raw material is shipped from Canada to the United States to be refined and the finished product is shipped back to this country. Why can that refining not be done in Canada? There is direct and indirect labour involved in the manufacture of all these articles and other countries are reaping the full benefit of

having the labour done by their workmen. I understand that ninety per cent of the patents, trade marks and copyrights that are granted in Canada are granted to persons outside of Canada who manufacture these articles and ship them to this country. This is not a square deal to either our labour or our industries, and as long as this state of thing continues we shall have a large number of our workmen out of employment involving in labour and business a loss of thousands of millions of dollars annually to the Dominion.

These patent laws should provide that if any person applies for patent protection on any article and receives a patent, he must manufacture the article and all the parts leading up to the finished article in Canada, and if the manufacture of the article in Canada is not commenced within six months from the date of the issue of the patent, it shall become void. This will give the person a reasonable time within which to manufacture the article. I firmly believe that if these patent laws were framed as I have pointed out they would be the means of giving proper and greater protection to our labour and industries, they would encourage new industries to establish here, and in time they would make Canada a much more prosperous nation than she otherwise would be. Those are my views on the question of patents and protection as a principle applied to patents.

I am of opinion that it is just as fair and honourable and we have just the same right for national reasons to use the weapon of the tariff to save, defend and protect our country from the dumping of foreign goods as to call out the militia in our hour of peril to defend our land against the attacks and invasion of an armed foreign foe. The war taught Canada a lesson. If we can carry into peace the lessons learned in war all will be well. A national policy is as essential in peace as in war, and the basis of that policy is protection for the people, diversified and suited to the needs of every province as the local circumstances, customs and economic requirements of each province demands; in other words, a national policy brought up to date, a living national policy that will live and move and have its being for the upbuilding of a united Canada. Such a principle of protection alone can make in all the provinces for a united Canada for the Canadians. Such a policy would stop the exodus and bring our boys back from the United States. It would eliminate the deficits on our National railways; it would enable us to promote migration within the empire, solve the unemployment problem, take care of our raw materials and conserve and preserve the magnificent heritage this country has.

I believe in such a tariff, a maximum tariff, not a minimum one, as will prevent Canada from being as it is now the home and happy hunting ground of United States millionaires who are grabbing up our timber, mineral and water power wealth, such a tariff as will stop the exodus, prevent the foolish export of our raw materials and cause them to be manufactured in Canada thus creating employment and keeping our people in this country.

As protection has been attacked so much during the course of this debate, I wish to say a word or two about it. Such attacks are enough to make a Canadian disown his country. Will this never stop? Is it not possible to create an industry of any kind in Canada? Apparently it is not on account of the uncertainty of the tariff. We are fast becoming the five, ten and fifteen cent country of the world the way things are going on at the present time.

During this debate one of the speakers referred to the Mother Country and free trade. I would like to read this article which appeared in one of the British papers which shows how a "little child shall lead them":

London, England, Jan. 21.—A small boy, recently admitted to a local hospital, was weak and near death from hunger. He was one of a family of twelve and his father's wages amounted to about $20 a week.

When the nurse gave the boy a cup of warm milk he asked appealingly, "How far down can I drink?"

The crowds that cheered for Gladstone,
The mobs that roared for Bright
In tariff-hating Manchester,
Home of the Cobdenite—
They never saw the guerdon won
Nor glimpsed the accolade—
A little child has led them
To the triumph of free trade.
He never studied theories
Nor read the master's rule;
He never heard in high debate
The great Manchester school;
The harder school in which he learned
Had whips that racked and flayed
Where hunger taught the meaning
And the glory of free trade.
'Neath their high domes, in lofty halls
Where well-fed thousands sat,
To cheer the self-sufficient fools
Prating of this and that,
They set no limit to the tongue
No boundary to mood—
And now the London urchin
Must set limits to his food!
My lords and gentlemen whose pride
The great Gladstone hath fed,
Ye high and mighty doctrinaires,
By Cobden always led,
Doff all your gorgeous uniforms,
Your tinsel and parade;
Learn ye from this lone youngster's plight
The glory of free trade.

Has free trade solved the unemployment situation in the Old Country, where more than a million men are receiving the dole? Has it made unemployment insurance unnecessary? Has it prevented England from becoming the dumping ground of continental Europe for cheap, shoddy German goods? Has it made the poor laws unnecessary? No. England is fast coming round to protection. Even Lloyd George's land bill of the other day is a protectionist bill all along the line.

Coming from an industrial district in which there is much unemployment, I deem it my duty to-day to bring before the House the question of additional protection for the industries of the country, and to urge that what Canada needs at the present time is a proper Safeguarding of Industries Act. The subject of protection is many-sided and should be brought up to date to meet the changed conditions that have taken place since the inception of this great fiscal public boon in 1878. I support it, not for its own sake, but because it is essential for Canada's sake. No one needs to apologize for what protection has done for Canada. I support it for principle's sake, and on the grounds of patriotism.

Canada must choose between protection and free trade, and the difference between them is as wide as the poles. Protection is not and should not be thought of solely as a manufacturers' or bankers' question, or that it exists for the sole benefit of manufacturers. Protection is a great economic question of principle and of patriotism, and of life and death to Canadians. The big interests, who seek to grab all the benefits of protection for themselves, are its worst friends, and do the great movement little good. It should not be a manufacturers' question; or a banking question; or a grain growers' question; or a combine question; or a monopoly question at all. Protection should be brought up to date to meet changed conditions, and extended. Protection will make for a better Canada, and a happier and more contented people, with work plentiful; it will make Canada a country fit for heroes who have fought for Canada to live and die in, instead of being driven to join the exodus.

I am tired of those who, for their own selfish ends, sometimes seek to apologize for protection as a question of expediency. If protection is solely a question of a manufacturer's or banker's profits, it is sure to die. As an honest protectionist, the great question of protection is one which I support, not for the manufacturers' or bankers' sake, but for Canada's sake. It is with me a question of both patriotism and principle, for the building up of a united Canada; and the principle should be extended and maintained so as to extend, conserve, build up, develop, and preserve all the provinces of Canada from coast to coast. I propose later to show how protection, adequate protection, should be developed and built up by additions and conservation, to further develop each of the provinces according to its needs, resources and economic development, and the pyschology of protection as applied to Canada.

Some forty-seven years have now passed since the dead hero of protection in this country, Sir John Alexander Macdonald, first placed on the statute books of this country the old National Policy, and Canada can say of Sir John Macdonald as Rudyard Kipling said of the great John Bunyan: "The wisdom that he taught us is proven prophecy." We heard something in this debate about reciprocity. It was part of the Liberal platform once; it was part of the platform of the Progressives and the Canadian Council of Agriculture. All I can say in reference to that is that free trade and reciprocity with the United States would make a Lazarus out of a country that Sir Wilfrid Laurier professed to have made a nation. That pro-

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posal would exhibit the Canada of Queenston Heights, or St. Julien, of Vimy Ridge, or Passchendaele, of Amiens and many other fields of glory, as a beggar for the poor favour of reciprocity and free trade. Canada cannot prosper on the growth and export of wheat alone. This was shown in the case of the United States. Protection was the path of glory to prosperity for the United States. Those are my views on that particular question.

As I said last year in discussing this subject, free trade kills industry, destroys the young rival, then puts up prices. There is no doubt whatever that the United States imports are a deadly menace to Canada. This was proved beyond any dispute in 1925. High tariffs have saved the United States, the whole prosperity of that country having been built up on that policy. Perhaps I may be allowed to quote briefly from what I said on this subject last year:

> These are the facts from the fiscal history of that country. England's imports never menaced in 1844 the native industries of the United States the way American imports are menacing the native industries in Canada in 1925.
>
> The free trade assumption is always false that manufactures are eternally and especially in want of protection, while agriculture and commerce need none. The assumption is false in any sense; our commerce and navigation cannot live without protection, never

did live. It is the interest of the whole country which demands that that portion of its industry which is most exposed to ruinous foreign rivalry should be cherished and sustained. The wheat grower, the grazier, is protected now by ocean and land, by the fact that no foreign article can be introduced to rival his except at a cost for transportation of some thirty to one hundred per cent on its value; while our manufactures can be inundated by foreign competition at a cost of some two to ten per cent. It is the grain grower, the cattle raiser, who is protected by a duty on foreign manufactures quite as much as the spinner or shoemaker. He who talks of manufactures and nothing else being protected, might just as sensibly complain that we fortify Halifax and Quebec, but not London or Ottawa.

The United States draws the life blood of Canada in 1925 the way Britain was in economic history charged with drawing the life blood of Portugal in 1844, industrially. Our low tariff is a boon and aid to the United States. Canada suffers at the hands of the United States, the latter taking advantage of our low tariff, Canada is the happy hunting ground of the American millionaire, who is getting the title deeds of our timber, forests, pulpwood and mines.

There never was a time in the industrial history of Canada when the business men of the country and the producing power stood more in need of sympathetic consideration at the hands of the financial administration of the government than to-day. The crushing burdens and taxes on industry to-day constitute a loss and handicap for business men at a period when every nerve is being strained to develop stability and ensure expansion of production on economical lines.

Last year the minister introduced dumping legislation which would have helped business materially, but he yielded to the importunities of the free traders in the House and finally withdrew it. It is heartrending to go into our departmental stores and see all the cheap German and American goods displayed to the exclusion of our own Canadian products. The fact of the matter is that this country is simply a dumping ground for the excess production of foreign manufacturers. The dumping provision was a good enough Liberal doctrine for Laurier and for Fielding, who recognzed how essential it was in order to protect our manufacturers from altogether unfair competition. German goods are produced under such conditions as make it possible for the manufacturers of that country to undersell the Canadian. Labour is cheaper there, hours of work are longer and there is a depreciation in currency that discriminates against the Canadian manufacturer. Is there any wonder, therefore, that industry is languishing in Canada and that factories are being closed up? It is altogether beyond my comprehension why there should be no dumping regulations in Canada just as there are in every other country on the face of the globe.

We are said to have a Labour party in this country but the fact of the matter is that the gentlemen composing that party do not represent labour at all. Mr. Gompers was one of the most astute labour leaders this continent has ever seen. He believed in labour working within the two old parties and was a strong protectionist, not only in principle but in practice, and you could not find a single labour union in the United States to-day that would vote for any resolution which had for its object a reduction of the tariff of that country whether as it affects manufactured products or agriculture. The result is that in the United States to-day labour is a real and effective force and gets a real show. The Labour party in the United States is not a political party. I do not believe in the principles of the hon. gentlemen of the Labour party. Here we have two gentlemen who say they represent labour, yet they vote for reductions in the tariff and for instability and for free trade, instead of voting for labour they vote Grit first, last and all the time. Sir Oliver Mowat was a distinguished Liberal and a friend to labour. His successors, Sir William Meredith and Sir James Whitney, were also strong supporters of Labour. The hydro-electric movement, which has meant so much to labour in Ontario, was introduced by the Conservative party. The country always sends for the Conservative party when it is in trouble. I would not call these hon. gentlemen from Winnipeg viceroys, but perhaps they could properly be termed deputy prime ministers, and I would like to see them quote one labour union in the United States to pass a resolution condemning a high tariff. The late Mr. Gompers was always a protectionist, and not one single state legislature has ever asked for the modification of existing duties. The tendency is to go higher all the time.

Then, Mr. Speaker, I would like to refer to the question of industrial research. No department of the government is more important to the development of this country than is an up-to-date department of scientific research. Canada has to-day some of the finest scientists in the world; an outstanding man in the world of medicine is Dr. Banting, the discoverer of the cure for diabetes. The export of raw material is a mere nothing, in my opinion, to the export of brains. Go to any American university, any faculty of medicine, and you will find it largely composed of Canadians. I believe we should have a student policy in this country for the summer; instead of our students seeking work as cooks and waiters we should provide them with

employment in the different departments of government, in industrial and scientific research and in that way hold that student class in Canada. This exportation of brains, our most valuable manufactured product, is going on all the time. The class in electrical engineering at the university of Toronto last year went almost entirely to the United States.

As Premier Baldwin of England says, "shock absorbers" are necessary in industry. Premier Baldwin said that while science might not save industry in England, it could act as a shock absorber to carry the country through. I have been looking over the record of scientific research in Canada, England, the United States and in other countries, and it is extraordinary to find how industrial research can help everyone. I am sorry to see the Minister of the Interior (Mr. Stewart), leaving the chamber; I am afraid he may think I am saying too much about scientific research, which is carried out in his department, but I hope there will be an increased vote to cover this item in the estimates. I was speaking of shock absorbers; let us take the radio. It almost ousted the phonograph, but the makers of the latter instrument were forced to make a better product, and it kept its place. Gas illumination was almost ruined by electric light, and the gas mantle saved it. Nickel companies were satisfied to produce for warfare purposes only, but now they are turning to many useful domestic lines. Coal fuel is in a bad way; this industry had no shock absorbers because it was of the opinion that it had a perpetual monopoly, when along came petroleum and gasoline. Great Britain, United States, Germany and Canada are countries where the coal business is in a bad way. The by-products of coal can and should be utilized, and will give larger profits than the raw product itself; I predict that in twenty years every coal mine in the country will make liquid fuel at the mine. According to the Montreal papers the Canadian Pacific Railway have placed orders for more coal burning locomotives, but the oil burning car has come to stay. A new type of gasoline which is now being put on the market will revolutionize the type of motors used in automobiles. The vast future of nitrogen will cause a great upheaval in agriculture. Every industry is being revolutionized by new scientific discoveries. If business is not associated with scientific men, business will go to the wall. The National Research Council is doing good work, and can keep industry informed of what is going on. It can show the time to draw in on one business and expand on another, and any banker should know how that information will affect industry.

Now, let me read one paragraph from the report of the Grain Inquiry Commission:

> At the present time, the duty on Canadian wheat—entering the United States—is 42 cents per bushel. On wheat flour, semolina, crushed or cracked wheat, and similar wheat products, the duty is $1.04 per hundred pounds. These duties are practically prohibitive, in their effect. They prevent Canadian wheat or wheat products having access to the American domestic market. On the other hand, under the provisions governing milling in bond and drawbacks, it is quite possible for the American millers to obtain Canadian wheat virtually free of duty to grind for export. Considerable quantities of Canadian wheat are ground in American mills and exported abroad under these conditions. This American flour ground in American mills, but the product of Canadian wheat, enters into competition with the output of the Canadian flour mills. The benefits of manufacture are lost to Canada, while at the same time, the general benefits of reciprocal free trade in the wheat and wheat flour do not exist. It was suggested to us that in view of these conditions, an export duty should be levied at the same rate as in the American tariff, upon Canadian wheat and wheat products entering the United States. The American tariff having already closed effectively the domestic market to the Canadian farmers, the result of such a levy would be to eliminate the export of American flour ground from Canadian wheat, and to transfer this market to the Canadian millers. While, as a general thing, export duties are to be deprecated, the exceptional situation that arises in this instance might warrant such an impost.

I believe there should be such an embargo. It would put the milling industry in this country on its feet. Buffalo has twenty-eight mills bootlegging our Canadian wheat, turning it into flour, and shipping it across the water as the Canadian product. I have looked over the situation in Buffalo, Baltimore and New York and seen this bootlegging going on. Canada is losing this export trade, and if we imposed an embargo it would put the grain and the milling industry in this country on its feet. Canadian grain would then go through Canadian channels and through Canadian ports and be milled here, and it would be doing the fair thing by the farmer of the west.

I want to say a word on the automobile question. I believe in protection for the automobile industry as a principle—not as a privilege, but as a principle. I would turn the automobile industry in this country into a native key industry, and have every unit that enters into the automobile manufactured in this country. I refer you to the Patent office where dozens of Canadian patents for engines are owned by Americans. I would apply the proper policy of protection to the Patent office of this country. I believe in the gospel of protection to make the automobile industry a key and native industry in this country, and not a place to assemble cars; so that we would make in Canada everything that goes into the car from A to Z, from Genesis to Revelations,

so that Canada would cease to be an assembling plant for American parts on which the bulk of the labour is done in the United States.

Then after the car is ready to be shipped out of the factory to the retail store, what principle of protection would I apply? I would have somebody attached to the Department of Finance or the Inland Revenue department who would ascertain what that make of car cost to produce in Canada, and what it cost to produce in the United States. Then eliminating the difference in cost of production, owing to differences in labour costs and local conditions, I would say: Here is ten, fifteen, or eighteen per cent profit for the manufacturer, and the balance goes to the Inland Revenue office to help run the country. That is the principle of protection I would apply as a principle, not as a privilege to the manufacturer. That policy would develop industries in this country that would turn out every kind of motor car, motor truck and motor bus, and bring down prices to the consumer for every car and motor truck purchased.

I regretted very much to see the deputation that came here from Oshawa the other day treated in the manner it was by the government. The government told them that they would not be intimidated by numbers. But there is such a thing as the liberty of the subject in this country, which is sometimes treated too lightly. We have the British constitution in this country, and it has been the right of British subjects to deputize right from the days of King John and Magna Charta down to the present day.

I am not an enthusiast on the subject of deputations. There is one place where men and women who want to keep Canada Canadian, can deputize to advantage, and that is the polling booth. The men and women of Oshawa will not fail in their duty in this respect. The returned soldiers and civilian workers and their wives imagined that their presence in Ottawa would produce results. Their presence in Ottawa did produce results. The great result the deputation produced was exhibited in the reply of the right hon. Prime Minister. The principles of Liberalism were laid down in the platform at Winnipeg by Sir Wilfrid Laurier, but if any of those planks have been carried out, I have not heard of it. Hon. J. Israel Tarte said that platforms were made to get in on, not to stand on, but, Mr. Speaker, I respect Liberal principles. I believe the pioneer Liberal men of this country were good Liberals, reformers and radicals. I believe they did a great deal for Canada in the days of the Family Compact. On the grounds on which these buildings stand I saw to-day the statues erected to the memory of two of Canada's greatest men, Baldwin and Lafontaine, standing side by side in a peaceful way, as the men to whose memory they are erected stood in the legislature to discuss problems of importance to Upper and Lower Canada with a view to getting some good results for the country.

The deputation from the motor car workers had this great effect that it caused the right hon. gentleman who received them as Prime Minister to repudiate one of the greatest traditions of historic Liberalism. The right hon. gentleman has not a sliver from any plank in that Liberal platform of 1893 to show as proof of his loyalty to the traditions of Liberalism, which abounded in that platform. The right hon. gentleman's association with politics has contributed much to Liberalism going back on the principles of its platform. There is a Liberalism that goes back beyond the Liberal platform of 1893, the Liberalism that rejoiced in that great Liberal tradition of a party that always insisted on the right of petition and the right to send a deputation into the very presence of enthroned tyranny.

I am not in love with the nature of Liberalism as we have it in Canada. As I said before, the word Liberalism no more implies love of liberality in the souls of present day Liberals than the word Progressive implies progess in the souls of Progressives. I am in love with, and never cease to love, the nature of the Liberalism that inspired the freeholders of Buckinghamshire to mount their horses and ride to London to defend John Hampden against the tyranny of Charles Stuart. Macauley has taught us to love the nature of the Liberalism that brought miners from Cornwall on a deputation to defend Trelawney against the tyranny of James II.

The right hon. viceroy of King Robert Forke denied civilian workers and returned soldiers from Oshawa and their wives the opportunity to exercise the great Liberal right of deputation. The right hon. gentleman proceeded to go back on the Liberal principles of his illustrious grandfather, because history tells us that in the dark hour of William Lyon Mackenzie's fortune, a deputation of 1,100 voters in York county insisted on the right to meet the government in Toronto and protest against the injustice inflicted on the grandfather of the present Prime Minister. The right hon. gentleman does not believe in deputations. Why? The freeholders who rode from Buckinghamshire to aid John Hampden, the

miners who marched from Cornwall to the help of Bishop Trelawney, never had to fear a more legalized tyranny than the tyranny that spoke in the words of the Liberal leader who tried to rebuke British subjects for seeking help in their hour of need. Some of the voters who rode to Toronto to join the deputation to protest against what they called the destruction of their liberties at the hands of the Family Compact had their homes a few miles from Oshawa. It was from Oshawa that the great deputation came to protest against the destruction of their jobs at the hands of the modern family compact of today, that is to say the farmers' compact. The so-called tyranny that rebuked the deputation sent to Toronto on behalf of the right hon. gentleman's grandfather was dubbed with the name "Toryism." The actual tyranny that dared to rebuke a deputation that came to Ottawa in defence of jobs that keep Canadians in their own country wears the so called name of "Liberalism." The right hon. gentleman, not content with his denial that speaks in the great Liberal tradition of deputations, went back on his grandfather's principles when he suggested to the Oshawa deputation that he was not to be intimidated by numbers. That is what the Family Compact informed the York county deputation when they insisted that William Lyon Mackenzie be given the seat to which the deputation and its supporters had elected him. The right hon. gentleman said and suggested that he did not care for numbers. But he does care for numbers when a vote is on, and the numbers that he cares for are the telephone numbers of the hon. member for Brandon (Mr. Forke), the hon. member for Southeast Grey (Miss Macphail), and the honourable array of "comrades" from Winnipeg. It is an outrage that returned soldiers and civilian workers—Canadian men and women—should be rebuked for coming to Ottawa by right hon. gentlemen whose policy is driving the best men in Canada to the United States, because that policy has taken away their chance of a job in the land that they defended at the hazard of their lives.

We have heard something about vested rights in this country. Does the great British doctrine of vested rights exist on the statute books of this country only for the Canadian Bankers' Association, the Canadian Manufacturers' Association, the trust and combines, the railway corporations and the United States millionaires who come into Canada and grab our resources? These interests have vested rights; on the other hand, labour has absolutely no vested rights in this country. The small savings of these workingmen in Oshawa, their modest furniture and their homes; are not all these things vested rights? Is Canada going to become like British Honduras, where under the constitution labour has no vested rights or privileges whatever? The answer to that question, so far as the present government is concerned, is in the affirmative as was evidenced the other day when an important deputation came down here to interview the Minister of Finance in regard to the reduction in the duties on automobiles. When the government intends to expropriate property belonging to any corporation or company in this country it must serve six months' notice, but here the sole means of livelihood of all these workingmen in Oshawa are ruthlessly taken away without any notice or compensation or investigation, and vested rights are denied to Labour. And parliament now decides that Canadian citizens may not petition it! Fortunately, however, there is one recourse left to labour, and that is the ballot box. Our workingmen can still force the hands of a government that will not give them a fair show, as this government will find out some day.

I want to be absolutely fair. I believe in protection and vested rights not only for the capitalist but for labour as well. I believe in equal rights to all and special privileges to none, but I certainly do object to a one-sided protection that leaves the ordinary workingman at the mercy of capitalists abroad who may throw him out into the street whenever it suits their convenience to do so.

The hon. member for Southeast Grey received a deputation from the women of Oshawa who came and pleaded so that they might save their husbands' jobs. The men for whom they interceded are labouring men. They have the same vested rights as the capitalist, the Canadian Bankers' Association, the Canadian Manufacturers' Association, and the railway corporations that are flourishing like the green bay tree. But their vested rights can be taken away from them. They can be deprived of their homes, and their goods and chattels pitched into the streets. The hon. member for Southeast Grey told these women—I am not in a position to quote the hon. member's exact words, but in effect this is what she said—"go home and try it for a year; see how your husbands get along without jobs; come back later and tell us about it." The hon. member for Southeast Grey holds a seat in parliament thanks to the Conservative men and women who went to the polls on election day and forgot partyism in their votes on behalf of a professed independent who never forgets partyism for five

minutes in her vote. He who wrote about man's inhumanity to man should have had a successor with that Oshawa deputation, and he might have found a new theme for tears in the truth disclosed in woman's answer to woman. The answer that the hon. member for Southeast Grey offered to those women from Oshawa was a hardhearted performance, disclosing a sad lack of knowledge and a sadder lack of sympathy with the problems of women who are anxious about their husbands' jobs and with good reason. The trouble is that the anxiety of these men and women, like the anxiety of the Conservative men and women in Southeast Grey, was too long delayed. The Conservative men and women of Southeast Grey are not free traders. They are not anxious to make Ontario a land of empty pay envelopes, and to send the sons and daughters of Ontario to seek homes in Michigan and pay envelopes in Detroit. The hon. member for Southeast Grey seems anxious to produce that position, but the Conservatives who sent her to Ottawa do not share that anxiety. The Conservative men and women of Southeast Grey were fooled when they voted for the free trade fanaticism, the Liberal-first bigotry of the hon. member for the constituency. They imagined that they were voting for a new kind of Independent, instead of voting for the same kind of Grit.

The men and women of Oshawa might not have had to come here on a deputation if they had not given their support to the Toronto Star in its campaign for the destruction of Canadian towns and Canadian tariff. Oshawa depends for life on the motor industry. Oshawa has supported the Toronto Star, and in every election the Star and Hon. W. E. Raney have vied with the de facto prime minister of this country, the successor to the Hon. T. A. Crerar, and his "assistant prime minister" from Winnipeg, in their policy of preaching a doctrine of hatred for the factory under the Union Jack and of love for the country under the stars and stripes. That is the sad feature of this whole attempt to bring about the wreck and ruin of the very foundations of Canada's industrial life.

The hon. member for Southeast Grey suggested that the motor industry would get along all right. All the motor industry needed was three years' trial of this tariff; all the women from Oshawa needed was jobs for their husbands. This tariff degrades Canada and puts Canada out of the running for the prizes for industrial growth. It is a sad thing that a parliament at Ottawa should isolate Canada, not only from the possibilities of growth but from the chances of continued existence in one of the world's great industries, present and future, the motor industry. There is not an hon. member in this House who would put a dollar in the extension of an old industry or in the establishment of a new industry in a country that supports the doctrines of the Toronto Star and the Hon. W. E. Raneys, Hon. T. A. Crerars, and all branches of their following in this House. These doctrines teach the people to believe, and have too largely succeeded in making the people believe, that a factory in Canada is a source of plunder to the consumers of Canada, and that a factory in the United States is a source of deliverance to the people of Canada; that the manufacturer who employs aliens in an alien land is a benefactor of Canada, and that the manufacturer who employs British subjects in a British land is the oppressor of Canada.

This tariff iniquity puts the United States in the most favoured nation position as against Canada. The Canadian who wants to start an industry can go to the United States and manufacture for two markets. If the Canadian stays in Canada the Canadian will not even be given a fair chance for one market. The people of Oshawa and the people of Toronto have supported such features as hatred of Canadian industry and love of American industry as the Toronto Star, Hon. W. E. Raney and their followers or dupes in this House. Oshawa may be greatly comforted by the Toronto Star's interview in which Henry Ford says he likes to see the faces of the Canadian workmen. The Toronto Star, and the bosses of this government here at Ottawa compel Canadian workmen to leave this country. The enemies of Canada never saw the backs of the returned soldiers who are being driven out of Canada by this tariff. This government are permitting their own fellow countrymen to be driven from the land they love to the land in which they are forced to seek a living. I have just this to say to the people of Oshawa who have been reading the Star and the people of Toronto who have been reading the Star and thereby helping the Star to wreck Oshawa: If the Toronto Star were published in Detroit and the United States had a government as bad as Canada's government, that government might introduce a policy to close factories in Michigan and open factories in Ontario. If a paper published in Detroit, as the Toronto Star is published in Toronto, dared to quote a Canadian manufacturer, as the Toronto Star quotes a Yankee manufacturer, in support of a policy

that drove American citizens from Detroit to seek a living in Toronto, as the Toronto Star's policy is driving British subjects to seek a living in Detroit, what would happen? The Toronto Star would cease publication, either because support was withdrawn by the merchants whose custom was being driven from Toronto, or because there would not be enough policemen in Detroit to protect the Star's place of publication against the women who sought a reckoning with the sheet that had served as champion of a policy that took the jobs away from their husbands and drove them into a foreign land.

I regret, Mr. Speaker, that in the face of the economic ills of this country to-day, a condition attributable to the ill-advised policies of the Liberal party, the government has failed to bring down in the budget such a tariff as would cure those ills and safeguard the industries of Canada, including the great agricultural industry.

Mr. GEORGES PARENT (Quebec West): Since the beginning of the present debate, Mr. Speaker, I have listened to many speeches, and I find that we are now in the very same situation as that in which we have found ourselves for several days. One member will advance the views of his own party, and another will answer and represent the views of the party to which he belongs. The speech just delivered by the hon. member for Toronto Northwest (Mr. Church) does not differ from other speeches we have heard, except to the extent that he was possibly more prolific, and if I should attempt to follow him in all the details of his address it would probably take me as long as it took him, namely about two hours and a half. The hon. member dealt with many subjects, going from doctors to coal mines, from coal mines to lawyers and other professional men, and so on, in such a way that it would be impossible for me to answer him in a short time. I hope, however, in the course of my remarks to express in a general way my own views in the matter and generally to answer what he said during the course of his speech.

My remarks will be very brief, and they would be much shorter were it not for the fact that I have a few quotations to make in respect to the general situation, and especially with reference to railway conditions affecting the city of Quebec, coupled with Maritime rights; for to my mind these two are one and the same.

I am not in the habit of paying useless compliments to anyone, and I do not intend to do so on the present occasion. However, we have to face the proposals as presented by the government in the budget and either accept or reject them.

Mr. BENNETT: Without changes?

Mr. PARENT: They might come with time. After considering the whole situation and studying it to the best of my ability, I have come to the conclusion that it is a good budget. It reflects prosperity; it indicates that we have a good honest administration, and on the whole I think it should be accepted. I propose to vote for it on this ground, with a few reservations which I am going to make as I proceed.

To sum up the situation, I think as a fair criterion of the manner in which the budget has been received by the people generally, we may judge by the way it has been accepted by the press of the country. Of course it would not be correct to judge by the utterances of partisan newspapers on either side; we must look to the statements in the newspapers which are not in any way partisan, and from such an expression of views we may be able to form an opinion that is worth something. I have in mind an article published recently by such a high authority as the Bank of Montreal, on April 22, under the caption, "Business Summary." It is a brief résumé of information received by that bank from its branches throughout Canada and from its offices abroad; therefore I think it is fair that I should quote it. The article reads:

> The important event of the month as affecting trade and commerce was the presentation of his annual budget by the Minister of Finance. It cannot yet be definitely determined with preciseness the results of the changes made in tariff and taxation. The hon. Mr. Robb estimates from his proposals a reduction of $25,000,000 annually in taxation; the pre-war postage rate of 2 cents having been restored; a slight enlargement of the list of articles exempt from sales tax made; the stamp tax on receipts abolished and income taxes in many instances cut down in rate as well as simplified in character of levy. The income tax rate upon corporations and joint stock companies is reduced from 10 per cent to 9 per cent and all surtaxes done away with. In respect of customs duties, the important change is the reduction of rates upon motor vehicles. In the case of passenger cars valued at retail at not more than $1,200, the reduction is from 35 per cent to 20 per cent under the general tariff, and in the case of all other motor vehicles from 35 per cent to 27½ per cent, with corresponding reductions in the case of cars entitled to entry under the preferential tariff. Another interesting announcement is that after January 1, 1927, goods to be entitled to entry under the preferential tariff must be imported direct from a British country into a sea or river port of Canada, the purpose of this enactment being to build up Canadian ports.
>
> The Finance minister was able to present a favourable balance sheet in respect of Dominion finances and

to point to an unusually large expansion of foreign commerce during the recently ended fiscal year. There was a surplus of revenue over expenditure of nearly $34,000,000 in the year's operations, a reduction of net debt of $22,353,000, and a marked increase in the operating profits of the Canadian National Railways, these having amounted to $30,443,000 in the calendar year of 1925 or about $13,000,000 more than in the preceding year.

The foreign trade of Canada continues to mount both in volume and value. In the year ended March 31, this commerce reached the very considerable sum of $2,258,500,000, of which $1,330,000,000 was made up of exports and $927,000,000 of imports, the favourable balance thus being $402,695,000. So large a credit in the external trade of the year has been a potential factor in restoring Canadian currency to par.

Domestic business has not presented any novel factors during the current month, but the condition remains more satisfactory than in recent years and the spirit of confidence in the future appears to grow. Commodity prices are fairly steady and would appear to have been pegged about 60 per cent over a pre-war average, with inevitable fluctuation in price of one or other commodity. Railway car loadings and railway earnings are in excess of last year. Business mortality in the first quarter of 1926 was substantially less than in the corresponding quarter of the previous year, the number of failures declining from 669 to 593, with aggregate liabilities down from $10,683,000 to $7,566,000.

The estimated quantity of Canadian wheat remaining in Canada at April 1st was 161,376,000 bushels or 40,000,000 bushels greater than on the corresponding date in 1925, which fact gives promise of an active shipping season, and continued expansion of export trade. Building operations the Dominion over are much in excess of last year. It is too early in the season to forecast agricultural production but the acreage to be sown in the three western provinces this year will be practically the same as last. Live stock has wintered well and expectation is that the steady growth in the cattle export trade since the removal of the British embargo will not be interrupted. Cold weather has somewhat delayed farming operations in the eastern provinces. Immigration gives indication of reaching a larger volume than for a considerable time past. Taken as a whole, it can be said that the bright spots in the business situation greatly predominate.

The article is fair to all, and covers every one of the provinces. Speaking of Quebec, it uses these words:

Quebec—Winter logging operations, which have been generally on a reduced scale, are finished and logs are ready for the drive. The lumber market remains quiet, Pacific coast stocks dominating the situation. The price and demand for pulpwood continues to hold up well and it is anticipated that the increased production in newsprint this year will easily be absorbed. There has not been any appreciable change in the price of staple commodities, apart from butter and eggs, which show seasonal declines, and potato prices, which are unusually strong. Trade, both wholesale and retail, has been adversely affected by the lateness of spring. The manufacturing situation indicates improvement. Orders generally are in excess of last year and a number of plants formerly only partially operating are now running on full time. Collections are moderately satisfactory.

What about Ontario?

Ontario.—Wholesale houses are enjoying a slightly improved volume of trade compared with last year. Retail sales of seasonable Easter goods, however, were retarded by inclement weather. Collections are being satisfactorily met. Work on the land will commence a fortnight later than a year ago. There is an abundance of moisture, fall wheat has wintered well, and conditions from the agricultural viewpoint are propitious. Farmers' dispersal sales are marked by good attendance and good prices, and milch cows are in special demand. Industry as a whole is more active. Pulp and paper companies continue to produce at capacity. Agricultural implement manufacturers are busy, and finished steel companies are well employed. Recent reductions in the tariff on motor cars make it necessary for manufacturers to submit the changes embodied in the budget to an intensive study before they are able to gauge the full effects. With the advent of open weather, activity in the northern mining camps is increasing.

This article gives a fairly comprehensive view of the situation. It contains similar paragraphs in regard to the prairie provinces, the Maritime provinces and British Columbia, showing that conditions to-day under the present government are very good.

Mr. FAFARD: What is the date of the report?

Mr. PARENT: April 22, 1926, published by the Bank of Montreal.

That paper was published in Montreal. I tried to find one published in another province, in a city—Toronto—which is probably the business rival of Montreal. This is what the Monetary Times has to say under date April 23, one day after the publication of the article which I have just quoted:

1926 Budget Is Popular. Is It Wise?

That the tax changes proposed by the Dominion government are popular is quite evident. Whether they are sound depends upon future developments.

The country demanded a reduction in taxes, and it has got it. Every one has felt the pinch of Dominion government taxation, and the immediate effect of the changes is a saving to nearly every one. The government could scarcely have taken a more popular course. The income tax is of direct interest to a large proportion of the thinking citizens of Canada, and the reductions mean a great saving to the middle classes on the support of which any party in this country depends. The repeal of the stamp tax on receipts, the return to penny postage and the reductions in the sales tax are also of widespread interest.

While there promises to be some debate about the income tax, the one important snag in the programme seems to be the reductions in automobile duties. The other tariff changes are by no means negligible, but apparently only one vital spot in industry has been touched. We are being told that the industry cannot subsist with only 20 per cent protection It is difficult to believe that in an industry of such proportions, where even in Canada benefits of large scale operations can be realized, it is not possible to do business here with this margin. But some of the statements issued by manufacturers are quite definite, and while sales should be enlarged through the reductions in prices there is no doubt but that the volume of production in Canada will be lower. It is evident that automobile duties are a crucial point in the

government's policy, and it will have to see its proposals through or forever hold its peace on tariff reduction.

The serious aspect is that of national revenue. Tax reduction at the present time does not augur well for tax reduction in the future. It is only through a steady surplus of revenue over expenditure that we can reduce debt, strengthen our national balance sheet and reduce taxes with safety later on. With revenue keeping up, expenditure cut down, and the National railways doing better, the government had just got into a comfortable position. But the contest between the parties is so keen at the present time that the government has evidently felt the necessity of immediately capitalizing its savings. The 1926 budget is one which will probably be of great political import, it certainly is going to be a weighty factor in our national finances.

I cannot be accused of having quoted any papers with partisan views. I have quoted two of the most serious publications that have dealt with the situation.

Coming to the details mentioned in these articles, I have no doubt that the people of Canada will be satisfied with the news that a reduction of taxation to the extent of $25,000,000 will be spread over the country generally. The reduction in the postal rate, bringing us back to the days of Sir William Mulock, brings pleasant memories to the Liberals who were in the House at that time. The reduction then made was so well accepted that I have no doubt the present reduction will be popular and well received throughout the Dominion. The stamp tax on receipts was an annoying tax for everyone, from the humblest to the highest, and its abolition will no doubt be appreciated by the community at large.

The changes in the income tax law should perhaps be the subject of some more lengthy remarks. I fully realize that the men who have been working on this particular question have given it a good deal of attention and study. At the same time, even the best men that Canada can produce may not have at first seen all the trouble that such a tax involves, and I intend to put before the government for further study these few considerations. Let us take the case of a close corporation where a man has been spending ten or fifteen years of his life in establishing an industry. He may have been working under a company name, although the owner of the whole business. What is the result under the tax as proposed in the budget? That man will be taxed first nine per cent on the income of the company; that is a reduction of one per cent from what it was previously. On his own income or dividend from the operation of the company he will be taxed a second time. Perhaps he and two or three of his companions who have invested money in that company will be in receipt of dividends therefrom; and in that case they will be taxed a further sum on that amount. I do not think the government had in view the taxing of a person twice under those conditions, as the present budget proposes. That is a point to which I wanted to draw the attention of the government, because it touches more people than one might think at first sight. I can understand that the law might apply with good results to many companies listed on the stock exchange where a man can buy and sell without caring whether he gets a dividend or not, but I hardly think it is fair for a man who has invested his money in a company which he built up himself should be taxed twice when others are taxed only once.

Mr. GOTT: In view of those statements does the hon. gentleman propose to support the budget?

Mr. PARENT: The hon. member can wait until I vote and then he will find out. Take the case of a mining company: every time you take anything out of the mine the capital is reduced. Under the law as it stands an allowance is made for depreciation by reason of the fact that in operating the mine you draw upon your capital. If you happen to be part owner of the mine the company first pays the income tax, and as shareholder or part owner you must also pay, so that whereas you are given consideration for depreciation only once you must pay the tax twice. I am putting these facts before the House simply to point out to the government that it is always rather dangerous to make changes in tariff matters. If we can maintain a certain stability I think it will be better for all concerned. I have no doubt that the government is keeping this in mind and that in the creation of the tariff board it means to protect industry in Canada to a reasonable extent, without enabling fictitious industries to exist at the expense of the consuming public.

The budget refers to the fact that the Canadian National Railways are this year submitting a satisfactory report which discloses some $30,000,000 to the good after operating expenses have been taken into account. I do not intend to discuss the railway situation in detail but I want to refer to the pledges given by previous governments to the city from which I come in regard to the Transcontinental railway and its terminal. May I in passing offer my hearty congratulations to the hon. member for Mackenzie (Mr. Campbell) upon the motion which he

submitted to the House the other day? That motion was in the interests of the Dominion as a whole and particularly of the ports of Quebec, Halifax and St. John. In my opinion the surplus money in the hands of the Canadian National Railways could, if properly spent, provide Quebec with a suitable terminal. I dislike very much going back to the election of 1904 and discussing the campaign that was fought then. The whole issue was the construction of the Transcontinental railway. Two companies were trying to secure the right to build a line from the Atlantic to the Pacific, one company being known as the Transcona and the other the Transcontinental. The Transcontinental was the one whose terms Sir Wilfrid Laurier accepted, and the whole question was thoroughly discussed in the session of 1903, when all the facts were clearly laid before the Canadian people. It was stated over and over again in 1903 that the main purpose of constructing that line was to transport the grain of the western provinces through Canadian territory to the Canadian ports of Quebec, Halifax and St. John. No considerable opposition was offered at the time, but of course in a matter of this kind, as in any similar matter, the moment some people saw that there was a possibility of their own interests being affected, politics was introduced, with the result that criticism was indulged in throughout the country. This criticism went on for a few years while the construction work was in progress, until the election of 1908, when the issue was again the wisdom or unwisdom of constructing the Transcontinental railway. In that election the people of Canada declared it to be their will that this railway should be built for the purpose, as had always been understood, of transporting the grain of the west through Canadian territory to the ports I have mentioned. Then came the election of 1911 when unfortunately there was a change of government. There were those who could not see eye to eye with Sir Wilfrid Laurier and who condemned the undertaking. They uesd every possible means at their disposal to prevent the construction of that line, and if there is one city in Canada which more than any other resented the stand which was then taken by the opponents of this railway it was the city which I have the honour to represent, the city of Quebec. Anyone who looks down from the Chateau Frontenac to-day upon the present station, which was put up in place of one that should have cost in the neighbourhood of $800,000, cannot help feeling that this unsightly structure is nothing if not an insult to a government which had the courage to carry through so stupendous an undertaking as the Transcontinental railway. Quebec was induced, on the strength of promises solemnly given that city, to tear down a building valued at some $250,000 and to hand over to the Dominion of Canada a site worth $2,000,000 for the purpose of erecting thereon a station which was to cost, as I have said, about $800,000. What did the city get as a matter of fact? A building that is not worth $20,000 and which moreover is so ugly that in my opinion the Canadian National Railways would be doing the people of Quebec, and for that matter of the Dominion, a real service by tearing it down.

Mr. BENNETT: Does my hon. friend mean the depot?

Mr. PARENT: I am not referring to the Canadian Pacific Railway. If the House will bear with me a short while, I desire to put on record some of the details of this matter. I have here the deed entered into between the city of Quebec and the Transcontinental railway, and I may observe that a memorandum in respect to this matter was submitted by the city of Quebec to the right hon. the leader of the opposition (Mr. Meighen) when he was prime minister. Here is an extract from the preamble to the contract of 1910:

> Considering that for the useful and effective operation of the said (Transcontinental) railway, the commission intends to build one or several branches of the said railway from the great bridge now building on the river St. Lawrence to connect with the harbour and in the city of Quebec, to receive or expedite by waterways the general traffic of the said railroad or other railroads, and that for the said purpose railway tracks will have to be laid along the river St. Lawrence, in the said Champlain ward, in order to utilize the wharves, docks, buildings, elevators and other accessories, already built or to be built later.
>
> Considering that for the purposes above mentioned, the commission is going to build in the said Champlain ward, a station, sheds, warehouses for merchandise, workshops, and other buildings, and to acquire for that purpose lands and rights of way, necessary for the road and for the construction of said buildings.

Here now follows a summary of the engagements undertaken by the government:

> 1. The commission undertakes to spend a sum of at least two millions of dollars (apart from the cost of the land to be purchased or expropriated for the railway) to build on the said land or in the vicinity thereof a station, sheds, warehouses, workshops, et cetera. Said workshops to be the most considerable of the Transcontinental railway in the province of Quebec;

Everyone understands, Mr. Speaker, that certain of these works had to be delayed on account of the war period, and the people of the city of Quebec realized quite well that during that period immense works of im-

portance could not be proceeded with. But now, if the railways can find money elsewhere to do work similar to this, I think it would be in their interests to carry out those pledges already given.

It has been stated that the province of Quebec as a whole was very much against the nationalization of railways. Part of this statement is true and part of it has no foundation of truth whatever. As a matter of fact it has always been an open question in the province of Quebec as elsewhere, but certain persons who were against the nationalization of railways seem to have arrived at other conclusions, and I am glad to be able to read an article from L'Action Sociale Catholique of May 3 of this year:

(Translation): According to the last Dominion budget as well as to the monthly reports of the Canadian National Railway Board, our State railways are in a better financial situation. We are led to hope that before long the while elephant will no more be a drag on the country's Treasury.

No one will, for a moment, doubt that the greatest share in this success belongs to Sir Henry Thornton. He placed at the disposal of our National Railways his great ability, a training very seldom encountered, a great knowledge of railway matters, an unquestionable good will.

And his efforts have been crowned by success. Those who selected him had a very happy thought. There is no doubt about it.

* * *

If Sir Henry Thornton has really endeavoured to obtain the co-operation of the Canadian people, as he would be expected to do so as to attain success, we must say that this co-operation was not denied to him.

The French Canadian people were opposed to State ownership of railways known, to-day, by the name of Canadian National Railways, as they would be opposed to-morrow to any scheme of State ownership which would include the Canadian Pacific Railway. They have no faith in the efficiency of such a system, they are rather convinced of its dangers. Experience, pointing out, to the little success, generally of State ownership undertakings, sides with them.

They were therefore opposed to State ownership. This State ownership for reasons of irretrievable errors or otherwise was decided upon anyway. It has been for the last few years an accomplished fact.

We possess certain qualifications not understood by a great number of Canadians of different origin. Among them there is one which urges us on to begin a contest long before the others because we never lose sight of the principles upon which everything rests. Others who think themselves more practical, do not bother much about these principles; facts control their actions. And as facts always proceed from applied principles, often, if they make a move, it is only long after us.

* * *

In any case, State ownership having been agreed upon, there either remained for us to make the best of it or let the country go into bankruptcy. We unhesitatingly put our shoulder to the wheel, and this the more willingly because of the great ability of the man appointed as head of the National Railways.

The French Canadians gave to the Board of National Railways their full support, they put their trust in its President. Their efforts were of some account in the improvement obtained; no doubt should exist in that connection in the minds of the members of the National Railway Board.

We therefore have reason to expect that our co-operation will be appreciated in a still more practical way, and that if they are willing to accept our "lending a hand" at the bottom of the ladder, we shall expect also, when the opportunity presents itself to co-operate in the higher spheres.

The Canadian National railways, in 1924, had a staff of 101 officers. Out of that number, there are but two French Canadians. Moreover, if the latter hold positions of some importance, we have yet no one to represent us on the Board of Directors. Our numerical importance, the unhesitating co-operation we lend in the improvement of our National railways, is deserving of better treatment.

* * *

It is not a question of removals or of asking for dismissals of officials. The higher officials of the National Railways are placed there, no doubt, owing to their personal merits and the eminent services they render. Moreover, we do not stoop to such means.

We simply ask that when the next vacancy occurs—we have no idea when—in the Board of the C.N.R., it be filled by a representative of the French Canadian element. As no indications exist that such a thing may happen to-day or to-morrow, we have no name to suggest. If it is the intention to act fairly towards us to-morrow, it is easy to start paving the way immediately.

This is the request we address to Sir Henry Thornton. Perhaps, the thing has already been done, we have no knowledge of it. If not, it is more than time to think of it.

We would feel wounded if we were to be kept out forever from the higher spheres of the C.N.R. Board of directors.

We have a right to be there and we are able to fill the position.

With the exception of a few corrections this article represents my views very well, but the article is not well informed when it states that the board of directors of the Canadian National Railways has no French Canadian representative. For the information of this newspaper I may say that I believe both Mr. Decary and Colonel Talbot, of the board of directors of the Canadian National Railways, are French Canadians. But the remarks of this article might be amplified, and I think in fairness to my compatriots I may fairly say without fear of contradiction that, since the French Canadians represent about one quarter of the total population of Canada, the number of representatives in various offices and positions on the Canadian National Railways does not represent a fair proportion. I suggest to the government that in considering future appointments, qualified French Canadians—and we have many such—be considered. I might go further, Mr. Speaker, and apply the same remarks to the civil service. I was looking over the telephone book of the House of Commons the other day, comprising all the departments; I take it for granted that those who have

telephones for their own use are those who have acquired the highest positions. Take the whole telephone book; look it over from beginning to end and see how many French names are contained therein; then compare that proportion with the population of Canada. I do not say this to raise any question of prejudice: that never entered my mind, and I hope never will.

With these remarks, Mr. Speaker, I repeat that on the whole I am quite satisfied with the proposals as presented by the government to-day, and I shall have no hesitation at all in supporting the budget. It is indeed a fact that certain industries may suffer for the present. The automobile industry may suffer temporarily, but if we consider the situation in a broad-minded way; if we realize that these industries have been over-capitalized —though it is possible that the younger men who are in charge of the industry to-day may find it harder to make that capital valuable than those who started the industry—when we take into consideration the fact that Canada is rapidly increasing in prosperity and that we are receiving immigrants in largely increasing numbers, we believe, and we think we are right in our contention, that in a short time these younger men in charge to-day, with their courage and their optimism, will find that their industries are doing better perhaps than they have ever done before. In a word, to sum up, circumstances are such that the budget means co-operation of the west with the east, Ontario being the connecting link to sell its manufactured products from the Atlantic to the Pacific.

Mr. M. J. MALONEY (South Renfrew): Mr. Speaker, I am glad indeed of this opportunity to say a word of very hearty congratulation to my hon. friend the Minister of Finance (Mr. Robb) for the excellent manner in which he presented his budget speech of some three weeks ago. Delivered with all the urbanity which is so characteristic of the hon. minister, his speech was marked by brevity and clarity to an extent that made it indeed a treat to hear. To listen to such a clear and concise presentation was indeed a treat to me, and one which I shall long remember. Those of us who have not been in this House before, but who have followed, from without, public doings and parliamentary procedure, will remember well the budget speeches of former days which occupied, not less than an hour, as did the present one, but often two, three, four or even five hours. The present distinguished Minister of Finance has set an example to the members of this House, an example which in the interest of time and the despatch of public business should be scrupulously followed. I have always felt that apart from the leaders of the parties, the ministers, and those directly interested in some particular matter of importance, the speeches of individual members should be curtailed, for the result would be a contraction of the altogether too prolonged sessions of this House of Commons.

On motion of Mr. Maloney the debate was adjourned.

On motion of Mr. Motherwell the House adjourned at 10.28 p.m.

Monday, May 10, 1926

The House met at three o'clock.

DEATH OF QUEEN ALEXANDRA

Mr. SPEAKER: I have the honour to inform the House that I have received the following message from the secretary of His Excellency the Governor General:

Ottawa, 6th May, 1926.

Sir,—I am desired by His Excellency the Governor General to inform you that the address of the Senate and House of Commons expressing their profound regret and deep sorrow at the death of Her Majesty the Queen Mother was duly laid at the foot of the throne. His Majesty the King was profoundly gratified at its terms and commanded that his most sincere thanks should be communicated to the members of the Senate and House of Commons for the sympathy expressed with him and with the royal family in their sad loss.

I have the honour to be, Sir,
Your obedient servant,

A. F. SLADEN,
Governor General's Secretary.

The Honourable
The Speaker of the House of Commons,
Ottawa.

MARINE AND FISHERIES COMMITTEE

Mr. FRED STORK (Skeena) moved that the first report of the select standing committee on Marine and Fisheries be concurred in.

Sir HENRY DRAYTON: Will the hon. member please explain? What are we concurring in?

Mr. STORK: The printing of the evidence.

Hon. J. A. ROBB (Minister of Finance): Does this cover the printing of the evidence?

Mr. STEVENS: That is what the chairman says.

Mr. ROBB: I would like to draw attention to the fact, Mr. Speaker, that during the last session some hon. members advised doing away with Hansard in committee of the Whole

House, as a method of economy. It would now appear that we are gradually enlarging Hansard, and are not only having it in the House, but in the committees as well.

Mr. STEVENS: I would like to draw to the attention of the minister the fact that under the rules of the House all such motions are supposed to go to the committee on Printing, there to be dealt with. I have noticed this session that in perhaps five or six instances the rule has been suspended and printing has been authorized, but I think if the minister would allow the motion to go to the Printing committee that would solve his difficulty.

Mr. STORK: Let the motion stand.

Mr. SPEAKER: Motion stands.

Motion stands.

BUSINESS OF THE HOUSE

ASCENSION DAY ADJOURNMENT

Right Hon. W. L. MACKENZIE KING (Prime Minister): With the consent of the House I should like to move the following resolution, of which unfortunately I have not given notice:

That when this House adjourns on Wednesday, May 12, it stand adjourned until Friday, May 14.

I may say that it has been the custom in previous years for the House to adjourn over Ascension Day.

Motion agreed to.

THE DOMINION FOREST RESERVES AND PARKS ACT AMENDMENT

Hon. CHARLES STEWART (Minister of the Interior) moved for leave to introduce Bill No. 97, to amend The Dominion Forest Reserves and Parks Act.

Sir HENRY DRAYTON: Explain.

Mr. STEWART (Edmonton): This amendment is for the purpose of eliminating from the forest reserves of northern Saskatchewan some lands that have been found fit for agriculture. When the bill was put through it included more land of a good agricultural character than was anticipated, and it is now desired to withdraw that land. The amendment also provides for the addition of some land to one or two of the forest reserves in Manitoba.

Motion agreed to and bill read the first time.

DUMPING DUTY—AUSTRALIAN BUTTER AND FRUIT

On the Orders of the Day:

Mr. J. L. STANSELL (Norfolk-Elgin): I notice the Minister of Customs (Mr. Boivin) in his seat, and I would like to renew the question which I asked on Friday last. It is reported in the press that owing to the heavy importations of butter and certain fruits from Australia the government have found it necessary to make use of the Dumping Act and enforce a duty of 6 cents per pound against these products. Is that report correct?

Hon. G. H. BOIVIN (Minister of Customs): This matter was brought to my attention only this morning, and inquiries are being made at present by officials of the department. I will have a definite answer for my hon. friend to-morrow.

Sir HENRY DRAYTON: Perhaps the minister would go a bit further and find out whether or not any order has been made. According to some papers not only has an order been made, but it is to apply to past transactions, going back to the first of the year.

Mr. BOIVIN: No order has been made by the department, but no order by the department is necessary for the application of the dumping clause. The local collector has the right to apply the dumping clause without any order from the department.

CHANGES IN THE BUDGET

On the Orders of the Day:

Hon. J. A. ROBB (Minister of Finance): Mr. Speaker, last week upon two or three occasions I was asked if there were any changes to be made in the budget when we got into committee. The number of questions asked induced me to look up previous budgets presented, and by the way, I may say to my hon. and genial friend from West York (Sir Henry Drayton) that I read over carefully his budget of 1920, and I can assure him now that the changes which I shall propose will not exceed those that he made in his first budget of 1920.

So far as the budget proposals regarding automobile duties are concerned, which seem to interest hon. gentlemen particularly, the tariff of 27½ per cent and 20 per cent remains; there will be no changes. There may be in committee the addition of some words to clarify the situation for administrative purposes, but I can assure my hon. friends again that there will be no change in the principle.

Sir HENRY DRAYTON (West York): Now that my hon. friend is on that question, would he kindly tell us whether there will be changes in the sales tax having regard to automobiles, or changes in the luxury tax so-called, which is in effect an additional tax, or changes as to rebates, or any changes in the duties on the parts used.

Mr. ROBB: As I said before, there will be no general changes as to parts. There will be some changes made in the language defining the parts, to make the position of the parts men absolutely safe. As regards the sales tax there will be no change whatever. I have been urged from time to time to make changes in the excise tax, and it has been represented to me that such changes would result in the machines being sold at a lower price to the Canadian public, but I have not yet been convinced that that is in the public interest.

Sir HENRY DRAYTON: As to the question of departmental regulation, does that cover questions of valuation?

Mr. ROBB: Oh, no.

Mr. H. C. HOCKEN (Toronto West Centre): May I ask the Minister of Finance whether there will be any change made in the customs regulation with regard to the admission of American magazines?

Mr. ROBB: Mr. Speaker, I listened to the speech of my hon. friend from Toronto West Centre (Mr. Hocken), and I am bound to say that I said to some one near me at the time that the hon. gentleman had made out a good case from his point of view, but I am not prepared to say that there will be any changes in that regard.

PRIVATE BILLS

CONSIDERED IN COMMITTEE

Bill No. 20, respecting the Pacific Coast Fire Insurance Company.—Mr. Clark.

GRAND ORANGE LODGE OF BRITISH AMERICA

The House in committee on Bill No. 92, respecting the Grand Orange Lodge of British America—Mr. Hocken—Mr. Duff in the chair.

Section 1 agreed to.

On section 2—Section 1, paragraph (e) repealed.

The CHAIRMAN: I might point out that subsection 2 on page 2 should be a separate clause instead of a subsection.

[Mr. Robb.]

Mr. MACKENZIE KING: If my hon. friend is not really anxious to press this bill at the moment, but would allow it to stand until the chairman of the committee is present, I would be obliged to him. Unfortunately, the chairman is not present, but if there is any urgency about this bill, I will not press my request. If the hon. gentleman could let the bill stand until the chairman of the committee is in his seat, I would try and accommodate him in getting it through as soon as possible.

Mr. HOCKEN: I see no objection to that, Mr. Chairman. The bill is very simple. It went through the committee without any objection from any source. It is simply expanding the powers of the order respecting insurance, the powers the order has now having been granted thirty-six years ago. Since then insurance has broadened very considerably. As a matter of fact, this is simply bringing the insurance branch of the order up to date. I am quite satisfied, however, to wait until the chairman of the committee is present.

Mr. MACKENZIE KING: Thank you.

Section stands.

Progress reported.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CIVIL SERVICE SALARIES

Mr. CAMPBELL:

1. Is it the intention of the Civil Service Commission to take any action in connection with the grievance of those civil servants who were in 2B of the second division at the time the Classification Act of 1918 was applied, and who by the application of this act were prevented from reaching the maximum of their class, $2,100 per annum?

2. What action, if any, has the Civil Service Commission taken in respect to the report forwarded some time ago in connection with this grievance, by the Civil Service Association?

3. Is it the intention of the commission to make such recommendations in the upper revision of salaries that would tend to remove this grievance, to at least some extent?

Right Hon. Mr. MACKENZIE KING:

1. No.

2. The question has been given consideration.

3. No. The request of the Civil Service Association was, in the opinion of the Civil Service Commissioners, fully taken care of by the Civil Service Act, 1918, as amended, and by subsequent reclassification. Under the Civil Service Act, 1918, as amended, positions

were to be classified according to the duties and responsibilities exercised by the employee, but the grading of the employee prior to the reclassification was retained by the employee if the compensation of the class in which he was placed by reclassification was lower than his previous grading. In the opinion of the commissioners the Civil Service Act of 1918, as amended, did not contemplate any extension of the rights of an employee beyond the grade in which he was placed prior to reclassification.

SOLDIER SETTLEMENT—SALES OF LAND BY COL. MURRAY AND H. H. MOSS

Mr. BROWN:

1. What quarter sections or other parcels of land in Manitoba were sold to the Soldier Settlement Board by Colonel F. J. Murray?

2. When was each of such quarter sections or other parcels of land acquired by the vendor and when in each case was it sold to the board?

3. At what price did Colonel Murray acquire each of the said quarter sections or other parcels of land and what in each case was the price paid by the board?

4. What are the names of the solicitors who acted for the vendor in each of these sales to the board?

5. Did Colonel F. J. Murray ever draw a military pension? If so, is he still drawing it?

6. What quarter sections or other parcels of land in Manitoba were sold to the Soldier Settlement Board by Mr. H. H. Moss?

7. When was each of such quarter sections or other parcels of land acquired by the vendor and when in each case was it sold to the board?

8. At what price did Mr. H. H. Moss acquire each of the said quarter sections or other parcels of land and what in each case was the price paid by the board?

9. What are the names of the solicitors who acted for the vendor in each of these sales?

Hon. Mr. STEWART (for Mr. Lapointe):

(1)		(2) a.	(2) b.	(3) a.	(3) b.	(4)
Land	Vendor	Date vendor acquired land	Date sold to board	Price paid by vendor	Price paid by board	Vendor's solicitors
				$	$	
W. ½ 2-16-1 E. 1st.....	F. J. Murray....	May 17, 1920	May 6, 1920	2,240	5,120	Anderson, Guy & Chappell.
N. ½ 34-17-10 W. 1....	F. J. Murray....	July 29, 1919	July 30, 1919	3,840	4,480	Kennedy, Kennedy & Kennedy.
S. ½ 22-19-10 W. 1.....	F. J. Murray....	August 9, 1919	Nov. 5, 1919	2,250	4,680	" "

(5) (a) yes. (b) yes.

(6)		(7) a.	(7) b.	(8) a.	(8) b.	(9)
Land	Vendor	Date vendor acquired land	Date sold to board	Price paid by vendor	Price paid by board	Vendor's solicitors
				$	$	
N.W. 23-17-10 W. 1...	H. H. Moss.....	July 27, 1917	July 2, 1919	.....	2,000	Kennedy, Kennedy & Kennedy.
N.E. 23-17-10 W. 1....	H. H. Moss.....	by agreement	July 2, 1919	.....	2,000	" "
S.E. 23-17-10 W. 1....	Amy Moss, wife of H. H. Moss	of sale and Q. C. Deed, Wm.	Dec. 13, 1919	14,080 for the	5,000	" "
S.W. 23-17-10 W. 1...	H. H. Moss.....	Grant				
N.W. 14-17-10 W. 1.		to Amy Moss, wife of H. H. Moss.	July 15, 1919	two sections	4,160	" "
N.E.14-17-10 W. 1....	H. H. Moss.....		Dec. 13, 1919	.....	1,000	" "
S. ½ 14-17-10 W. 1.....	H. H. Moss.....		July 17, 1919	.....	4,160	" "
S. E. 11-1-29 W. 1.....	H. H. Moss.....	No information.	May 22, 1919	No information.	4,800	" "

E. F. BEAUDRY

Mr. PERRAS:

1. Was E. F. Beaudry employed at the Printing Bureau in 1920?

2. If so, for how many years previous to 1920?

3. What was his occupation?

4. Was he a public servant?

5. Did he receive the bonus?

6. Is he still employed at the bureau? If not, when was he retired?

7. Does he receive a pension? If not why?

8. How are employees at the bureau retired since 1920?

Hon. Mr. ELLIOTT:

1. Yes.

2. Thirty years, 4 months and 12 days previous to 1920. Appointed August 19, 1889.

3. Editor of Printing Copy.

4. Answered by Nos. 1 and 3.

5. Yes—1918-19, $250; 1919-20, $324; 1920-21, $199.50 to date of retirement.

6. (a) No. (b) November 16, 1920.

7. (a) No.

(b) Mr. Beaudry was, during the reorganization of the Government Printing Bureau carried out by the Civil Service Commision, retired on November 16, 1920, by Order in Council No. P.C. 2738, November 12, 1920, and under the provisions of Order in Council No. P.C. 2146, October 22, 1919, he was granted 2 months' salary and bonus in lieu of notice and an annual retiring allowance of $324.53 for a period of 5 years and 2 months beginning January 16, 1921. The allowance was based on his average salary and bonus of the last three years of service, and the duration of allowance was based on two months for each year of service. Mr. Beaudry's allowance expired on March 15, 1926.

8. Subsequently to 1920 and until October 31, 1924, all employees were under the provisions of the Public Service Retirement Act. On July 19, 1924, permanent civil servants in receipt of a stated annual salary passed under the provisions of the superannuation Act, Chap. 69, 14-15 George V or continued under the provisions of Chap. 17, R.S. 1906—An Act respecting the Superannuation and Retirement of persons employed in the Civil Service of Canada. There is no provision by law with respect to the retirement of employees other than civil servants.

APPOINTMENTS TO CIVIL SERVICE

Mr. HOCKEN:

How many appointments (permanent and temporary) were made to the general civil service by the Civil Service Commission in the years 1923, 1924, 1925?

Right Hon. Mr. MACKENZIE KING (For Mr. Lapointe):

Year	Permanent and Seasonal	Postmasters	Total Permanent and Seasonal	Temporary	Grand Total
1923	1,768	357	2,125	2,891	5,016
1924	1,697	299	1,996	2,424	4,420
1925	2,036	307	2,343	2,928	5,271

CANADIAN EXPEDITIONARY FORCE BATTLE HONOURS

Mr. HARRIS:

1. What battle honours to be carried on their colours for taking part actively in pitched battles during the Great War and for campaigns, have been awarded by the British War Office to the Canadian Expeditionary Force?

2. Are all these honours allowed to be carried in scrolls on the regimental colours?

Hon. Mr. MACDONALD:

1. and 2. The matter of awarding battle honours to units of the active militia is still under consideration by the Department of National Defence.

[Mr. Elliott.]

CENTRAL SASKATCHEWAN—INDIAN HOSPITAL

Mr. HOCKEN:

1. Is it the intention of the government to establish an indian hospital in central Saskatchewan?

2. Has the location of such hospital been decided?

3. When built, will the hospital be under public management?

Hon. Mr. STEWART:

1. No.

2. and 3. Answered by No. 1.

ASSISTED TO IMMIGRATION

Mr. DOUCET:

What amount of money did the government spend in 1925 in assisting immigration; (a) in regard to assisted railway or ocean fares; (b) for assistance in land settlement; (c) for assistance in keep of immigrants?

Hon. Mr. STEWART:

(a) Grant, $116,827.21; recoverable loans, $130,703.21; total, $247,530.42; (b) $284,725.57; (c) $13,161.85.

The above figures are for eleven months ended February 28th of the fiscal year, 1925-26.

INDIAN AGENT AT CARDSTON

Mr. DAVIS:

1. Is a man by the name of Faunt employed by the government as Indian agent at Cardston?

2. If so, was an investigation into his conduct recently held by Inspector Christensen of Regina?

3. What were the findings from the said investigation?

4. What is the intention of the department with regard to the said Faunt?

Hon. Mr. STEWART:

1. Yes.
2. Yes.
3. Unfavourable.
4. Decision in abeyance.

LIVERPOOL, N.S. AND WESTERN HEAD—CARRIAGE OF MAILS

Mr. BLACK (Halifax):

1. Who has the contract for carrying His Majesty's mails between the Liverpool, Nova Scotia, and Western Head post offices?

2. Were tenders called for this work, and if so, what were the names of the tenderers, and the amount of each tender?

3. Was contract awarded to lowest tender? If not, why?

4. On whose recommendation was the present contractor given this contract?

5. Has the department any information that the present contractor is fully equipped and capable to perform the service?

6. Were there any petitions from the citizens of Western Head and Mersey Point praying that the previous contractor be retained in the service?

7. If so, did the government consider these petitions, and why was not effect given to them?

Hon Mr. ROBB (for Mr. Lapointe):

1. Walter H. Sperry.

2. Yes.

Walter H. Sperry..	$355 00
Robert V. Fraelic..	360 00
Fred. S. Balcom..	391 25
Alonzo Roy..	700 00

3. Yes.

4. The Post Office Act provides that the contract shall be awarded to the lowest competent tenderer.

5. In the absence of any report from the postal district superintendent at Halifax to the contrary it is assumed that the contractor is fully equipped and capable of performing the service.

6 and 7. Yes, petitions of this nature were received at the department on the 5th February, 1926, but instructions had already been issued to invite tenders.

POSTMASTER PIERREVILLE, YAMASKA COUNTY

Mr. DOUCET:

1. Who is the postaster in charge of the post office of Pierreville, Yamaska county, Quebec?

2. What are the names of the employees of that post office?

3. Have any complaints been received by department as to the conduct of any employees?

4. If so, does the department propose making an inquiry re those complaints?

Hon. Mr. ROBB (For Mr. Lapointe):

1. Mrs. S. G. Boucher

2. Gaston Boucher and Miss C. Proulx.

3. No.

4. See answer to 3.

LEAGUE OF NATIONS—
CANADA'S REPRESENTATIVE AT GENEVA

Mr. ROSS (Kingston):

1. What is the strength of Canada's contingent at Geneva, in connection with the League of Nations?

2. What are the names of the representatives and what position does each one hold?

3. What is the remuneration of each?

Mr. MACKENZIE KING:

1. Two.

2. Dr. W. A. Riddell, Canadian Advisory Officer, League of Nations; Miss Margaret Clark, secretary.

3. Salary, Dr. W. A. Riddell, $6,000 per annum; salary, Miss Margaret Clark, $1,200 per annum.

INCOME TAX BRANCH—STATUS OF EMPLOYEES

Mr. LADNER:

1. Are the employees of the Income Tax branch of the Department of Customs and Excise considered as temporary employees without the rank and classification of civil servants?

2. If so, what is the reason for obliging them to remain as temporary employees?

3. Is it the intention of the government to place employees under Civil Service Commission and have them rated and classified regularly as civil servants, and, if so, when?

Hon. Mr. BOIVIN:

1. No.

2. Answered by No. 1.

3. No.

QUESTION PASSED AS ORDER FOR RETURN

GOVERNMENT MOTOR CARS AND TRUCKS—PURCHASES

Mr. DAVIS:

1. How many motor cars or trucks have been purchased by the government, throughout the Dominion of Canada, during the months of January, February, March, and up to April 16, of the year 1926?

2. From whom were they purchased, and what departments used said cars?

Right Hon. Mr. MACKENZIE KING: Stand as an order for return.

Sir HENRY DRAYTON: I point out to my right hon. friend that the government can scarcely have been purchasing motor cars on such a lavish scale for only four months of the present year that a long return is required to contain the particulars.

Mr. MACKENZIE KING: If my hon. friend will notice the question, it asks for particulars of cars purchased by all the departments. This of necessity means communicating with the different departments first, and that may take a little time. The government would prefer to answer the question by bringing down a return.

IMPORTS FROM UNITED STATES

Mr. DOUCET:

1. What has been the total imports from the United States, in the last twelve years?

2. What has been the total imports of coal registered, both bituminous and anthracite, from the United States, in the last three years?

3. What has been the total imports of iron from the United States, in the last three years?

4. What has been the total imports, during the same period, of other manufactured products from the United States, which could have been manufactured in Canada?

Mr. ROBB: Return tabled forthwith.

UNOPPOSED MOTIONS FOR PAPERS

INDIAN AGENT AT CARDSTON

On the order:

Mr. DAVIS:

For a copy of all letters, telegrams, correspondence and other documents exchanged between the department and any persons whomsoever, with regard to the suspension of Indian Agent Faunt of the Blood Indian reserve at Cardston. Also a copy of the report sent to the department by Inspector Christensen of Regina in this connection.

Hon. Mr. STEWART: The conduct of the Indian Agent on the Blood Indian reserve is now being investigated. I would much prefer that my hon. friend would allow his motion to stand rather than that I should bring down the papers at the present moment.

Mr. SPEAKER: Stand.

FREIGHT RATES TO AND FROM PACIFIC COAST

Mr. STEVENS:

For a copy of all correspondence, letters, telegrams, applications or memorandums and official documents of all kinds, having reference to reduction, equalization or otherwise dealing with the freight rates to and from the Pacific coast and passing between the government of British Columbia or the Hon. John Oliver, Premier of British Columbia, or any person acting on behalf of the said government on the one hand and the Prime Minister, the Minister of Railways or any member of the government or any officer of the government since April 1, 1925, together with a copy of all orders in council passed since the said date, and having reference to the said subject.

Motion agreed to.

THE BUDGET

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

The House resumed from Friday, May 7, the debate on the motion of Hon. J. A. Robb (Minister of Finance), that the Speaker do now leave the chair for the House to go into committee of Ways and Means and the proposed amendment thereto of Hon. R. J. Manion.

Mr. M. J. MALONEY (South Renfrew): Mr. Speaker, just previous to the adjournment of the House on Friday night I had offered to the Minister of Finance my very sincere congratulations on the manner in which he had delivered the budget speech some three weeks previously. It was with a great deal of pleasure that I was able to do this. I must confess to him to-day, however, that it is with equal sorrow I find myself not able to follow him into the promised land to which the singularly wonderful budget delivered by him holds out the prospect of leading us. I am satisfied that the hon. gentleman himself is really none too sanguine in his expectations despite his rosy anticipations. The Finance Minister talked to us in terms of millions. He referred to the imports and exports, to the balance of trade, to the reduced taxation which he claimed has been brought about, and to the improvement in the railway situation and the figures he used were up in the millions. I cannot help thinking that while these figures sound good they are of little interest to the ordinary citizen of this Dominion. In this country the great percentage of our population is really struggling to make a living and is not interested in the millions spoken of by the Minister of Finance. That hon. gentleman would have us believe that prosperity is right upon us, and that Canada is prospering to-day as she never did before. Yet deep down in his own heart, and deep down in the hearts of all those hon. gentlemen who uphold him in his argument, they must admit that at every street or crossroads corner in city, town, hamlet or country place the same old lament is heard, "Times are hard, and money is hard to get." That is the condition which exists throughout Canada at the present time. I have sat in this House ever since January 7th last, and every day there has been a sitting I have heard a cry of despair go up from some hon. member or from the representative of a particular section in this Dominion. Yet it is said we have prosperity in Canada.

Conditions in the west have been spoken of. We all agree that there are some conditions there which can and ought to be remedied. We all agree that the people of the west are not as prosperous as the Minister of Finance would lead us to believe. What did we find within the last year and a half? That actually, because of the gloomy outlook, some outstanding men in the west were talking of secession, of separating from the eastern part of Canada. Why should that be, if conditions are so prosperous as they say? But Mr. Speaker, if we go into the west we find millions and millions of acres of soil possessing sufficient fertility to produce vegetation of all kinds in abundance and a sturdy race of men and hardy women, who are not indolent, but who are toiling to build up that great country and to provide a heritage for those who will follow them. Why should these men talk secession, if they are prosperous?

Let us look into conditions in the Maritime provinces. You know Mr. Speaker, that member after member from that section of the House has been on his feet day after day telling us of the needs, the wants and the wrongs of those eastern provinces. We do not have to take the word even of these hon. gentlemen. We all recollect what occurred in the House not more than a year ago. We all remember that a certain industrial condition existed down there which cost the lives of human beings. You will remember that in connection with the industrial unrest in Nova Scotia human lives were sacrificed. Human blood was shed. Why? Because they were prosperous? Not at all. It was

because of industrial conditions which existed then and which exist to-day and which will continue to exist as long as we live under the same system of government as we have in this House at the present time. What did the government of Canada of that day do to remedy conditions in Nova Scotia? Did they do one single, solitary thing to help relieve the suffering miners and their families? Did they do anything to bring about better conditions in that section? They did nothing at all. Well, yes, they did one thing. They sent soldiers down there from Toronto and Kingston to shoot down if necessary any man who would raise a hand in defence of his starving wife or children.

Mr. STEWART (Edmonton): Surely my hon. friend is not going to repeat the statement that has been frequently made in this House, when he knows that this government did not send them down.

Mr. MALONEY: Who sent them down?

Mr. STEWART (Edmonton): They went at the request of the government of Nova Scotia.

Mr. MALONEY: With whose permission? Was it not with the permission of this government?

Mr. STEWART (Edmonton): It makes no difference.

Mr. MALONEY: Did the Minister of National Defence not send them down?

Mr. STEWART (Edmonton): It is unnecessary to make that statement, because we have had this matter before the House time and again. Hon. members on the other side have been told frequently this government had nothing to do with the sending of troops. They simply acted under the statute of this country.

Mr. MACDONALD (Kings): At whose instigation?

Mr. MALONEY: Did these soldiers not require to have the consent of the Minister of National Defence before they left their barracks in Toronto?

Mr. STEWART (Edmonton): No they did not. If the hon. member will look up the statute he will find my statement is correct.

Mr. MALONEY: Are they allowed to roam scot-free throughout the country wherever they wish to go?

Mr. STEWART (Edmonton): No, they are to go upon call. If the hon. member looks up the act he will understand it better.

Mr. MALONEY: And who will send them when the call is received?

Mr. STEWART (Edmonton): If the hon. member will refer to the statute he will find all the provisions embodied in it.

Mr. MALONEY: To whom is this call sent?

Mr. STEWART (Edmonton): The parliament of Canada passed this act.

An hon. MEMBER: When?

Mr. STEWART (Edmonton): A good many years ago.

Mr. DOUCET: It was amended in 1924.

Mr. STEWART (Edmonton): It was amended so that troops could be sent only on a call issued at the instance of the attorney general of the province, and payment of the expenses was to be made by the province. It was so amended as to make it impossible for the federal government to send troops, except upon the requisition of the provincial government.

Mr. MALONEY: The soldiers were sent down. There must have been some authority centered right here in Ottawa to allow them to go down, and they had orders when they got there to shoot down if necessary, any man who would dare raise his hand in defence of his wife and family. Why should such a condition exist in Nova Scotia—Nova Scotia the garden of eastern Canada, a province with resources second to none? Why should we have conditions of actual starvation in that province, if Canada is in a prosperous condition to-day?

Mr. MACKENZIE KING: I think it would not be proper to permit the statement of my hon. friend to go unchallenged. He has said that orders were issued to shoot down the men if necessary. Can my hon. friend produce a copy of any such order?

Mr. MALONEY: Why should the soldiers go there, if they did not have that authority?

Mr. MACKENZIE KING: The hon. member said they had authority to shoot the men. He cannot produce that order.

Mr. MALONEY: When a soldier is placed on duty, what is the first order given?

Mr. MACKENZIE KING: Will the hon gentleman produce any order to shoot down the men? I say he cannot, and I challenge him to produce it.

Mr. MALONEY: When you send a soldier out on duty his orders are to shoot down men if necessary. I have touched upon conditions in the west. I have referred to the condition in the Maritime provinces. I will ask hon. members for a moment to come back to the central provinces and see what evidence of prosperity we find? You can go into town after town from one end of Ontario, or of Quebec, to the other, and you will find factory after factory with the doors securely locked. You will find man after man looking for work. Then go out into the country districts and you will find many farmers, at one time prosperous, who have abandoned their farms. You will see farm after farm abandoned. You will find farmer after farmer struggling to make a meagre existence, and yet they tell us we have prosperity in Canada.

In order to increase this wonderful prosperity the Minister of Finance has brought down his budget. Let us see what species of cure-all this budget is. It is not my intention to go into it at great length, but I will deal with the main item. We are told it is a poor man's budget—for the benefit of the poor man. We shall see. The first item of that budget, which perhaps is the most serious of all, is the one providing for a cut in the automobile tax. At one fell swoop the Minister of Finance cut the head off the most thriving industry in Canada, one of the best industries for the future of the country, and yet he tells us it is in the interest of the poor man. We all know the poor man does not own an automobile, and those of us who are foolish enough to own one, even though we are poor, know that the amount saved by virtue of the reduction in the duty will mean very very little indeed. Why Mr. Ford in his price list just published claims a reduction of from $10 to $45 in the various models which he turns out. We know the average life of one of these cars with ordinary care is perhaps ten years. In other words we save from $1 to $5 a year on our car. Again that saving of from $1 to $5 a year you have the fact that the government, by virtue of this legislation, has jeopardized the position of 30,000 of our citizens, who are to-day engaged in the occupation of manufacturing and distributing automobiles. In addition to this 30,000 you have their dependents, numbering more than 125,000, whose living is jeopardized by this cut. Furthermore you strangle the industry, prevent its future development, but, greater than all, you weaken the confidence of investors in the fiscal future of the great Dominion of Canada. Now, Mr. Speaker, we want cheaper automobiles. We all believe that to-day automobiles are selling at a price altogether too high, but is there no way in which a reduction of price might be brought about, without strangling the industry, and injuring our fiscal future? The thought occurred to me that if instead of cutting off or lowering the duty, as has been done, or will be done if the budget is passed, we raised the duty on all automobiles coming into Canada to such a height that the Canadian market would be preserved for the Canadian manufacturer, it would mean for them a larger market. Then after this tariff board has been fully authorized to do business, we might let them go down, examine the books and audit the accounts of the various automobile manufacturers and if necessary, set a reasonable price at which cars might be sold in Canada. If not, we could limit the profits which might be derived from the manufacture and sale of these cars. In that way automobiles might be sold much cheaper than under the present legislation while at the same time this industry would be encouraged and our fiscal interests preserved.

We are told that the income tax is another item in the budget affecting the poor man. We know that prior to this budget being thought of, a married man with an income of $2,000 was exempt from this taxation. We do not consider that a man with a salary of $2,000 a year is a poor man; as a matter of face compared with many people in this country he is a rich man. In the year 1923 the farm labourers of the Dominion from coast to coast drew an average annual wage of $372 with board, or $611 without board, and employees in industrial establishments drew an average yearly salary of $937. In all, almost 800,000 Canadians were drawing an average salary of $800 a year. Will they call this a poor man's budget? What has the government done for the labourer by bringing down this budget change with regard to income tax? It has shifted the burden of our national debt from the shoulders of those who are most able to bear it to the people who are drawing salaries of less than $1,000 a year, and yet we are told that this is a poor man's budget.

The reduction in the postal rate from three cents to two cents was indeed a surprise. Nobody ever thought of it; there was no great desire on the part of the people of Canada for a reduction in postage. What does this reduction mean? It means a loss in revenue to the Post Office Department of $5,000,000 a year. It is to the credit of the Postmaster General and the splendid officers who are to-day working under him that the work they have been doing is so excellent

that their department is able to stand a reduction if this kind. If this reduction means a decrease in revenue of $5,000,000 for that department, what does it mean to the poor men of this country? The ordinary individual who is not doing business writes possibly fifty, sixty or seventy letters a year. The farmer, for example, may write fifty or seventy-five letters a year and he will therefore save fifty or seventy-five cents through this reduction; but what the farmer is more particularly anxious about to-day is not to save this fifty or seventy-five cents, but to have an improved mail service throughout the Dominion?

I say to the hon. member for Brandon (Mr. Forke) who is supposed to be the leader of the farmers from the Atlantic to the Pacific: You are anxious for the comfort and welfare of those whom you are supposed to lead; if you are really desirous of making life on the farm more congenial for the boys and girls there, I would ask you to have the government remodel this item of legislation because you have the power to do that. Let them raise the postal rate again from two cents to three cents, and in doing so, save $5,000,000 to the revenue of this country. Then have the government spend that sum of $5,000,000 in extending the rural mail service through sections in your constituency, my constituency and every other rural riding from end to end of Canada.

The greatest boon to rural life in this country within the last half century has been the introduction of the rural mail. It is with great pride that I offer to you, Sir, as perhaps the father of that legislation, my most sincere congratulations, and I believe every citizen of Canada who enjoys the benefit of the rural mail delivery will back me up in that statement. If the Minister of Finance is still determined to put two-cent postage into effect in this country I would ask him to consider the advisability of allowing us to use these two-cent postage stamps where to-day we have to employ a separate stamp, an inland revenue stamp. If this could be done it would materially simplify matters with business men and in addition it would help to make up in some small degree the loss of revenue which will ensue to the various postmasters throughout the Dominion by virtue of the change in the postal rate. I would be in the interest of the department and I believe it would bring in more money in the end.

I would like to refer for a moment to the question of old age pensions. It has been said that an offer, a gesture has been made. What has been the effect of that gesture? I listened a few days ago to the hon. member for Skeena (Mr. Stork) referring to the hardy fishermen of the frozen northwestern boundary of his constituency. What a wonderful thing this pension would be for these men in their old age and their dependents? The government have made that gesture; they have raised the hopes of the aged from end to end of Canada; but when this bill becomes law, if it ever does, those hopes will be dashed to the ground because this legislation cannot become operative without the consent of the provinces. They place so much money in the hands of the provinces and ask them to shoulder the balance and administer the law. Why should they place on the shoulders of the provinces this additional burden when already they are bowed down underneath loads of debt. I say to those self-constituted labour leaders of the city of Winnipeg: If you believe that the labouring classes are behind you in your desire for a system of old age pensions—and I believe they are—prevail upon the government to bring in a real old age pension law, a pension to which they will contribute in its entirety irrespective and independent of all the provinces. If you will do that you will have behind you the support of seventy-five per cent of the membership of this House. While I do not like the legislation which has been introduced, while I do not believe it will ever come into effect in Ontario, or Quebec, or some of the other provinces, yet because of the fact that I am in favour of a system of old age pensions, I will support this legislation. We have heard a great deal in connection with the improvement in the railway situation in Canada. I could take you, Sir, into the county of Renfrew and show you how it is that the distinguished gentleman who presides over the destinies of the Canadian National railway system is able to produce a statement as good as the government claims it to be. In that particular district of the county of Renfrew, a thickly populated district from which during the last few years have gone into the coffers of this government and the provincial government thousands and thousands of dollars of lumbering operations and other general business carried on in that section, I could show you two points a distance of fifty miles apart where it takes four days to make the round trip on the Canadian National railway. This has been brought about by the cutting down of the service—and no doubt this is typical of many other sections—to such a point that it is absolutely useless; we would be better without such a service at all if we could have these tracks

taken up and a good automobile road built throughout that district. If he has been following that plan throughout the country it is little wonder that expenses have come down, but when travelling from city to city in eastern Canada one does not see any evidence of anything of this kind. What one finds is one train trying to be better than another, and there is a multiplication of trains from day to day.

My hon. friends to my left have been promised many things by this government, and no doubt they have been assured that everything from their standpoint will be ideal in the days to come. I would ask my hon. friend from Brandon to take to heart the words of that old French poet:

> Kings' promises are airy dreams
> And scarcely last between the day's extremes.

The great trouble in Canada to-day is lack of stable government and the want of confidence on the part of the people in this administration. If there is one thing more than another that we require in this country it is a government in office such as the people can trust. But the government of the day, through its Prime Minister (Mr. Mackenzie King), has broken faith with the Canadian people. The right hon. gentleman broke faith with them in relation to his Richmond Hill speech, and again he has failed to keep the pledge he gave them in the Speech from the Throne. I say therefore that it is his duty to resign.

Mr. FORKE: Oh, oh.

Mr. MALONEY: My hon. friend from Brandon laughs. Well, Nero fiddled once, and see what happened. Conditions in Canada to-day are altogether too serious for a man occupying the position of my hon. friend to sit by complacently and laugh. I repeat, everyone in Canada has lost confidence in this government, and the government have lost confidence in themselves. Obviously, therefore, it is their duty to resign and allow a new government to be formed. If they got out, a government would be formed under my right hon. leader (Mr. Meighen), who would pick his cabinet not altogether from the west nor altogether from Quebec. He would not depend solely upon one province; he would go to British Columbia, to Alberta, to Saskatchewan, to Manitoba, to Ontario, to Quebec, and to Nova Scotia, New Brunswick and Prince Edward Island, and from every corner of the Dominion he would select a man to head a department of government. When such a government had been formed, if I were in a position to do so. I would appeal to the great west to place its confidence in my leader and in a policy which we all know is in the interests of the whole Dominion, a policy which was good enough for the great Sir Wilfrid Laurier and for Edward Blake and equally acceptable to the Liberal leaders of the past. I would ask the people of the west to give their support to that policy, designed to promote the welfare of all Canadians. I would go into the provinces of Nova Scotia and New Brunswick also and lay that policy before the people as one that would make for improved industrial conditions and increase the happiness of the citizens of the Maritimes. I would go to Ontario and preach to the manufacturers a stable policy to which they could look with confidence in the future, and I would appeal on the same grounds to Quebec, good old loyal Quebec, the Gibraltar of the British Empire in North America, the Quebec that saved Canada once before. With such an appeal, I am sure they would save Canada again, because we need the support of Quebec for a sound policy under the right hon. leader of the opposition if Canada is to make any progress.

4 p.m.

With a government of that kind in office what would result? We all know that in this country to-day and in Great Britain and the United States there are vast sums of money, millions upon millions of dollars, awaiting a favourable opportunity for investment, so that with a stable government in office in Canada, a government in whom the people reposed full confidence, investments would pour into Canada and the doors of factories now securely locked would swing open once more, the wheels of industry would begin again to revolve, and there would be work on every hand. Our boys and girls who to-day are earning their living in foreign countries would be brought back, because no matter how prosperous they may be in the United States or elsewhere, no matter how well they may be getting along, they are always yearning for home, and with conditions improved in Canada they would return by hundreds of thousands. No one can exaggerate the tremendous impetus such a return of Canadian citizens would give to industrial development here. After that we would proceed with a sound system of immigration. Immigration to-day is costing Canada a great many millions, and what are we receiving in return? Would it not be wiser for the government to spend some of that money right at home to help those boys and girls who are obliged to leave our Canadian

farms to stay here and engage in agriculture with some degree of success? Would it not be well to give them that encouragement rather than to send so much money over to the other side to bring in a class of immigration which cannot make for the greatest success of the Dominion? After our boys and girls had been brought back, then as time went on, and if we found increasing numbers necessary, I would suggest that we send our envoys to the various countries of Europe, to Ireland, England, Scotland and Wales for the purpose of securing the best type of immigrants for this country. I would send over men who originally had come from those countries, and who, having grown up with Canada, knew her needs as well as her shortcomings. They would be able to explain to their people at home just what they might expect from life in Canada and if those men were given the authority to handpick suitable immigrants for the Dominion I am sure the result would be very much to the advantage of this country. I would do the same in regard to Germany, Poland, Holland and Belgium. To-day in Holland there are many men who are anxious to come to Canada if only they can receive adequate encouragement. No better farmer lives anywhere than the Hollander, and if we had a million Hollanders such as we have in this country to-day, or a million Germans more of the type that is with us now, or a million more Poles, Canada would be in a position to go ahead.

I will not delay the House any longer, Mr. Speaker. I am glad of this opportunity to offer these remarks to the representatives of the people, and as it is my sincere desire as a loyal Canadian to see Canada advance, I am prepared always to give my cordial support to any legislation which may be introduced, no matter by whom, so long as I deem it in the best interests of the Dominion as a whole.

Mr. F. W. GERSHAW (Medicine Hat): As the budget debate is drawing to a close, Mr. Speaker, my contribution will occupy only about fifteen minutes of the time of the House. I hope I will be pardoned if I do not follow the hon. member who preceded me (Mr. Maloney) very closely in my argument, but I must take exception to two of his statements. He said that the people of the west are talking secession, threatening to break away from the Dominion. I do not believe the sentiment in the west points in that direction at all. The hon. member has also said that this government has lost the confidence of everyone in Canada. I certainly take exception to that statement; I believe this government enjoys the confidence of the people to a greater extent than has any government during the past decade, and that its position will be strengthened by this budget, which I believe has met with the approval of the majority of our people. They are pleased that there is $55,000,000 whimh may be applied to the special railway and capital expenditure, and the reduction of the capital debt, and they will also be pleased with the abolition of the receipt tax and the return to penny postage. It has been suggested that the three cent postage should be retained and our rural post offices extended, because the return to penny postage will mean a loss in revenue. I would remind the House that when Sir Wilfrid Laurier reduced the postage from three cents to two cents the revenue actually increased, and we hope that again will be the case. It has been pointed out that this reduction will help the retail and business people, something which is surely desirable. I believe it will also help the working people, because I have noticed that they look anxiously for the postman or mail carrier. They like to hear from their distant relatives, and in many humble homes correspondence has not been kept up because of the cost of postage.

Some hon. member opposite suggested that our automobile duties might be retained at their former level, and the excise and sales taxes abolished. That would have been a fine thing for the automobile manufacturers; they could have continued to make a profit of 82½ per cent per annum and the country would have lost that revenue. Many hon. gentlemen opposite have not committed themselves regarding this duty, and I am under the impression that the delegation which came here from Oshawa went away believing that this reduction would not have been made at present had a Conservative government been in power. If we believe that this reduction is right—as I think most members of this House do so believe—we might just as well face the storm when it comes and carry out the policy of which our judgment approves.

Regarding the income tax, I believe that many working and salaried people will be relieved through the raising of the exemption to $3,000. Is it not fair that the man who works for his income should pay a little less than the man who has capital from which he derives income in the way of interest? We must remember that the surtax and supertax have been removed, which will release a good deal of money for business investment, bringing our average income tax more into line with that of the United States. A prominent

Canadian said some time ago that what Canada needed was a fiscal policy, relief from burdensome taxation and immigration. I believe that the reduction of $25,000,000 in these troublesome and burdensome taxes will make Canada a more attractive place to live in and will be a great step towards the realization of these three aims.

A good deal has been said since I came into this House as to the desirability of establishing industries. The hon. member for East Algoma (Mr. Nicholson) pointed out that St. Paul and Minneapolis had increased their population, providing a market for the farmers, to a much greater extent than had Regina, Swift Current, Moose Jaw and Prince Albert. Another hon. member argued that we should first build up the cities, and the rural communities would develop later. We tried that in the west, and if you go to any of the Canadian cities mentioned you will find a number of deserted, shut down and neglected factories. Medicine Hat is perhaps better endowed by nature as a manufacturing centre than any of these cities, but a number of industries have started and failed there. It was not a question of protection; it was not because of lack of capital; they failed because there was no market to absorb their product. These industries will be built up and will prosper some time, but not until the general development of the country provides a market for their products. You cannot build a tower without a foundation, and you cannot build an industrial city without a market.

Having in mind conditions as they actually exist, I believe we should trade with other countries in order to get a market for the products of our farms and factories. As a person uses six bushels of wheat a year, it would take about seventy million people to consume our surplus wheat production, and as a person uses sixty pounds of beef a year, it would be necessary to have thirty additional cities the size of Hamilton, Ontario, to consume the cattle exported last year.

It has been asked in this House why Canada should have a low tariff when every other country in the world has a high tariff. I do not believe all the people in the world are in favour of a high tariff. I have here a resolution which was passed unanimously by the Congress of International Chambers of Commerce at Brussels last year. At this congress were represented thirty-five nations, by their leading bankers and commercial magnates. The resolution is as follows:

> The chamber has directed attention to interferences with the return of normal trade conditions and employment caused by artificial barriers, obstructive to intercourse between the nations, such as extreme tariffs, unreasonable customs regulations and restriction on transportation. All of these have the effect of increasing the delivered cost of goods and preventing the widest possible distribution and use of the world's products, which are the basis of better living standards and progress. The chamber appeals to the business men of all countries to study these questions, and to exert their influence for the removal, as promptly as possible, of all unnatural and uneconomic restrictions of this kind.

I believe, Mr. Speaker, that agriculture is an industry which must be carried on with a very small margin of profit, and in the past the farmers have had to pay too much for the things they have had to buy. It has been stated in this House that prices may be low even though the tariff is high, but experience teaches us that the opposite is usually the case. There is not sufficient competition to assure us that the prices will be right if the tariff is very high, and although the last speaker referred to the possibility of fixing prices, no one has suggested any practical way by which the prices of the dozens of varieties, of the hundreds of articles used in this country could be fixed. It would therefore seem that the tariff is the best method of keeping prices low and preventing exploitation. A few articles may occasionally be sold at a low price if the tariff is high, but all articles must always be sold at the right price if the tariff is low because outside competition will force them to be sold at that price. Therefore, the first casualty resulting from putting on a high tariff would be the exhausting of the purchasing power of the people of the country and the stifling of the basic industries, and the second casualty would be the destruction of the market which the manufacturer had enjoyed for his goods.

I have listened with a pretty open mind to the discussion which has taken place in this House, and I have heard it argued repeatedly that we are exporting raw materials and bringing back the finished products. I have looked up the records for 1914, 1922 and 1925, and this is what I find: Take our dealings with the Argentine republic, for instance. We exported manufactured goods as follows to the Argentine republic:

Exports to Argentine Republic

1922		1925
$ 293,900	Rubber goods	$1,234,048
1,104,156	Agricultural implements	4,125,943
470,291	Sewing machines	1,110,315
558,389	Automobiles and parts	2,242,906

Our total exports to the Argentine for 1922 amounted to $3,233,423, and for 1925 to $10,322,373, an increase in the three years of about $7,000,000. There were also other manufactured articles such as razors, iron pipe and tubing, nails, copper and structural steel that we exported.

Now let us test it in another way. Take Italy, for example. We export a lot of flour to Italy. In 1925 we exported $514,660 of flour to Italy, or more than our total exports of all commodities to Italy in the year 1914, when hon. gentlemen opposite were shaping the destinies of this country. Our exports of fish, canned and dried, to Italy in 1925, amounted to $1,568,419, or three times the amount of our total exports of all commodities to Italy in 1914. Now I submit that if we found a market in Italy for fish to that extent, our fishermen were that much better off, because their purchasing power was increased, and as far as the manufacturer was concerned, it was better for him that we shipped this fish to Italy because thus the Canadian market for manufactured goods was enlarged, and the manufacturer found a larger market for the sale of his products.

We might follow this record of our increased trade through the entire list of countries with which we do business, and we will find exactly the same condition existing. Everywhere we are extending our markets for manufactured goods. The increase in the export of a few manufactured goods between the years 1922 and 1925 is shown as follows:

Manufactured Goods Exported

1922		1925
$4,061,809	Rubber goods	$11,458,456
5,345,308	Agricultural implements	11,342,712

If you take sewing machines, vehicles, including automobiles, razors, pig iron, and machinery other than agricultural implements—in all these cases you will find that our export of manufactured goods is rapidly and progressively increasing. This is good business for us because it helps to increase the purchasing power of the people of this country, just as the lowering of the tariff, which makes prices lower, helps to increase the purchasing power of the people.

During the election campaign last October our Conservative friends said that the Liberal policy was all wrong. They said that we were sending our raw products to the United States to be manufactured, and importing manufactured goods from that country. Since I have come to Ottawa I have taken the trouble to look up the United States Statistical Abstract and I find that the United States are shipping out a great deal of stuff in the raw or unmanufactured state, as follows:

	1922	1925
Raw materials..	$1,445,000,000	$1,876,000,000
Partly manufactured.. ..	1,035,000,000	1,223,000,000
Manufactured..	1,210,000,000	1,670,000,000

You will note from these figures that the United States is sending out quite a bit of stuff in the form of raw material. You will note also that she made a marked increase in the export of raw materials in 1925. Why do they do this? Every country in the world exports raw material, and they do it because it pays them to do it. Britain exports coal, and buys cotton; Canada exports wheat, and buys crude oil; the United States exports cotton, and buys wood and oil. Nations, protected or otherwise, no matter what their tariffs are, must trade with one another. Let us see what Canada is doing in this regard. The following table shows our exports to the United States for the years 1922 and 1925, in round figures:

	1922	1925
Raw materials..	$108,000,000	$140,000,000
Partly manufactured	72,000,000	115,000,000
Manufactured	111,000,000	160,000,000

You will notice that in the three years our exports to the United States increased by $125,000,000, and of this $32,000,000 was accounted for by raw materials, and $93,000,000 by the increase made in the export of manufactured, or partly manufactured, goods.

Some hon. gentleman opposite have said that they can see very few signs of prosperity in Canada. One hon. gentleman a short time ago mentioned the fact that prices of Canadian stocks and securities had risen very greatly since 1921, and some hon. gentleman opposite pointed out that that did not necessarily mean prosperity, that it might mean capital was very timid and that people wished to invest in these seasoned securities. I think there is very little to justify that view. In the Financial Times of May 7, 1926, I find this:

> The gross earnings of 65 Canadian companies reveal an increase of $25,000,000 over those for 1924.
>
> From a shareholder's point of view, the extent of the improvement is more exactly reflected by the improvement in average earnings on the common stocks of the companies under review. A gain of over 2½ per cent on the average outstanding common capitalization is shown with earnings equivalent to an average of 11.5 per cent as compared with earnings equivalent to 8.9 per cent during the year 1924.

Surely if the stock of these companies is advancing so rapidly in price, and if they are able to show earnings of 11.5 per cent in 1925 as compared with 8.9 per cent in 1924, these large industrial concerns are doing fairly well and do not need the help which hon. gentlemen opposite would have us believe.

I believe that the budget will meet with the approval of the Canadian people because it is helping those who have the best right to that help, and I believe that it will not interfere with the prosperity of the large industrial concerns. I think that the policy behind this budget is one which is bringing about a fair share of prosperity, is bringing about national well-being, and above all, what

we all most earnestly desire, national unity. I believe it would be fatal for the people of Canada to execute a right-about face in the tariff policy at the present time and embark upon a policy which is more likely to act as a wedge and separate the various parts of this Dominion.

Sir HENRY DRAYTON (West York): Mr. Speaker, I desire in the first place, to assure my hon. friend the Minister of Finance (Mr. Robb) that I regretted exceedingly not being able to be here to listen to his very interesting budget and to have a first hand opportunity of saying something about it. In the second place, I wish to thank the hon. member for South Wellington (Mr. Guthrie) for the very excellent presentation he made and the criticism which he gave of the budget, a criticism which has never yet been answered. I gaze upon the Finance Minister with absolute amazement to-day. I am simply astonished that my hon. friend could be so right and at the same time so wholly wrong in such a short document. The minister is exceedingly right in some things he has done. He is exceedingly right, for example, when he gets rid of his receipt tax. His supporters too are exceedingly right when they refer to the taxes that have been got rid of as "nuisance taxes," taxes for which this government are responsible to the extent of one hundred per cent. In things like that the Finance Minister is absolutely right, but in many instances he is hopelessly wrong. I do not blame him, I do not think anyone ought to hold him up to censure, because at one time he had four portfolios to look after. I think the number he is administering now is three, and he has just had a chance at the budget when opportunity was given him, a chance snatched between runs from one department to the other. Then my hon. friend has other arduous duties to perform in keeping things straight around the Privy Council.

Just let us see how hopelessly wrong one can be sometimes. Let us take the income tax, for example. When my hon. friend introduced his budget he told us that all his proposals were in a downward direction. Times have been so good and the present government's administration has been so prudent, of course, that there is no suggestion of an advance in any direction. Every single step was toward a reduction. Then my hon. friend went on to say that he was making these reductions with a desire to make available new money for development. With this object in view he stated he proposed reductions all along the line. I pause at this stage to make this observation. If I had for one moment thought that the minister knew anything about these proposals I would have said that he was deliberatly deceiving the House and the country. But I do not make that charge. The department have drawn up these resolutions, they have prepared the new schedule. I do not know whether my hon. friend found time to read over his proposals or not, but I do know that he, like the rest of us, now knows that very large increases have been made in income taxes. There is no secret about it at all. We all know that a very large part of development, not only of this but of every country, is carried on through the activities of companies and corporations. Nevertheless my hon. friend doubles—well, you cannot say doubles exactly because all these things depend upon the incidence of the rate of taxation having regard to the assessment of an individual—but he practically doubles the taxes on the dividends of these companies. The Liberal policy here —I think it runs pretty fairly true to Liberal policies generally—is this: We want to secure new money for development, and in our endeavour to secure new money for that purpose we propose to tax the capital so used at a higher rate than is imposed upon any other capital. We want to increase business, we want to increase development in the country, and so we are going to give those interested in development the opportunity of just paying double the taxes which they would pay if they did not do anything to develop this Canada of ours. That is how this budget works out.

I ask my hon. friend this question: What is the capital in Canada that does the most useful work? If my hon. friend answered fairly he would say "The capital which is supplying employment, the capital which is developing the country, the capital which is making the factory chimneys to smoke and the whole countryside to function." And my hon. friend would also say "There are two classes of capital. There is that class of capital which works for the country, and there is the capital that takes no chance whatever, the capital that exists in tax-free securities, the capital that is to be found in first-class mortgages, the capital that is to be found in bonds, the capital that is to be found in real estate and which depends entirely on the unearned increment from that real estate." There you have a different class of capital. No one who is either serious or honest will deny that the capital which is desired, the capital which is of use to the country, is the capital which is engaged in the country's development and industrial work. The minister is applying a

double rate of taxation to useful capital but it is absolutely impossible to comprehend how, when applying the double rate of taxation, the minister can make the claim that it is being done for the purpose of aiding development. The thing is absolutely inexplicable unless the explanation is this: That one method of taxation may be temporarily popular and the other unpopular, and that all ordinary financial rules applicable to such a situation are to be swept to one side for the purpose of temporary political advantage. I am afraid the departmental officials did not fully instruct the Minister of Finance as to what they were doing.

My hon. friend claims there is a reduction in taxation of $25,000,000. Is there? We have not had any particulars at all as to how that reduction is made up. I am not going to ask my hon. friend for them now, I do not suppose he has the data with him. He takes what the department has given him and, as I said before, he is running three departments; he has not had time to inform himself as to the details. But just let us see how this matter works out. Last year the companies were taxed to the amount of $31,091,274. That was the sum of money received from them, out of a total tax of $56,248,042. That means that we took out of these companies, whose dividends are now to be taxed twice, more than 55 per cent of all the money raised under our income taxation. We are told that there are no increases in this budget or in this taxation, while as a matter of fact we know that there are many cases where the rate of taxation is doubled as a result of these proposals. Setting aside the individual instances, let us consider the situation having regard to the statement made that the country is getting the benefit of the $25,000,000 reduction. We took over $31,000,000 from these companies under a tax of 10 plus 5 per cent. That would make practically 10½ per cent and would mean that the earnings on which those taxes were levied approximated $300,000,000. Now I admit at once that all that money does not become subject to a double tax. It is only the amount of the company's earnings paid out in dividends that becomes subject to the double tax. All company earnings are now taxed under the budget 9 per cent instead of 10.5 per cent under the old law. Everything is taxed, but it is only the dividends that are subject to the double tax. It might be thought to have been entirely wrong. I am not now justifying it. It is true that I enforced it. It is true that I administered an act which is exactly the same, but it may well be asked, I admit, what is the fairness of taxing companies on their total annual earnings, when a large amount of those total earnings have to be put back into the business for the purpose of carrying it on, and when the directors think that only a certain moiety, say 80 or 90 per cent, can safely be paid out in the form of dividends? I am not raising that point at all. That system continues. That is common, if it be an error, to my hon. friend, to myself and to our predecessors. But allowing for the difference between the $300,000,000 of earnings and actual dividends, I think my hon. friend will agree that $250,000,000 would be a fair amount to look upon as the dividend paying power of the companies and corporations in this country. I do not know whether my hon. friend has the information. If his department had not the information at the time they brought down this resolution and placed it in his hands, I should think they would have it now, so that they would know what they were doing, but I submit $250,000,000 would not be so very far out. Taking $250,000,000 as the dividend paying power of the companies in Canada, what are we assessing? I am aware at once, Mr. Speaker, that Canadians unfortunately do not own all those dividends or all that stock. In the year 1921 a return was brought down by the statistical department which showed that the amount of American holdings in the stock and bonds of our companies was considerably under a third. In 1920 a similar calculation was made by an American authority—my recollection is that the author was Mr. Fels —where it was shown that Canadians owned, of their own investments, stocks and bonds in companies, over 64 per cent, the American holding being under a third, the balance being taken up by the British holdings and the holdings of other nationals. I am aware that in the last few years it has become a practice—well it is not a matter of declared government policy but it is a matter of the continued and continuous and everlasting handing over just a little bit more and a little bit more, a bit of Canada here and a bit of Canada there, this factory here and that market there to the United States. That is the practice of this government, and the fact is that it has been the practice of this country, irrespective of any government, to a far greater extent than it had any right to be, but this government most markedly have never yet properly appreciated the necessity of a policy looking to the development of Canada for Canada, and by Canadians for Canadians. They have never yet got down to it, the trend has been much more marked and it is going on more and more all the time.

I am not prepared to say that the third of American holdings that I referred to is not now a half; it may be, but I hope it is not. I have not the recent figures but surely again it is not out of the way to assume that Canadians to-day hold 50 per cent of the stock and bonds in their own companies, and if that statement be correct, just see where the Minister of Finance finds himself placed in connection with his so called reductions. The reason why I am differentiating between Canadian and other holdings is that, as I understand it, it is only the Canadian investor who is subject to the double tax. If I am wrong the minister will correct me. Very well, I am cutting the dividends down then to $125,000,000 as against $250,000,000, and we have then under these proposals increased assessable wealth amounting to $125,000,000, to be assessed double for the first time by a government that actually claims its proposals are all reductions. The return to the government will depend entirely upon where the moiety and the average of the dividends will be assessable. If it is to be found in very large incomes, the increase in revenue will be enormous. If it be found on the other hand in the lower income the increase will not be as great.

My hon. friend will tell me at once if I am wrong in the figures which I take. This is only an estimate, a guess; it is impossible for anybody who is not in the office to do anything more than guess. But suppose we find this result that, out of the increase, this extra $125,000,000 of assessable wealth falls on the average within the class of incomes which, after all exemptions and allowances for children, are taxable at $7,000, and we find that the average of the whole is to be represented by incomes of $7,000—in that case—and I do not think I am putting it at a very high figure—the rate would be seven per cent under my hon. friend's proposals. He will check me if I am wrong and I have not properly understood him although I think I have. The new revenue collectable would then amount under this budget that is supposed to be doing nothing but cutting taxation, to an extra tax collected from the people of $8,750,000.

Let us take another figure. If it be found that the average assessment in respect of that tax falls within incomes of the $10,000 class, the rate would be ten per cent and the extra taxation collectable from the people of the country would be $12,500,000. I do not know what information my hon. friend has as to where that average is to be found; but I know that if the average is where I suggest that will be the result, and I know that irrespective of where it may be there is a very large increase in this item of income taxation directed by this government against an interest, a public necessity, namely, that of development which at the same time they are saying that these proposals are taken in ease of. I think my hon. friend will pardon me when I say that I look upon him with all amazement as being so absolutely right when he is referring to his nuisance taxes and the like, so absolutely wrong when he is referring to the effect of his proposals and the larger aspects of this case.

One question which I think deserves more than passing notice is raised by this budget: Have the people of this country, have those doing business in this country, the right to take the word of the government, the word of the Prime Minister as meaning anything? Of all the different ways in which pledges may be given by governments I would have thought that a Speech from the Throne would be one of the most positive, but I am not now referring only to that. We have the statements made by the leader of the government at Richmond Hill; we have the Kingston speech also made during the election campaign and many others. I am not referring to one thing by itself; but if there be anything which one would think ought to be observed it is the considered statement of the government, not made in the height of a political campaign, but contained in the Speech from the Throne. I bring this up not only because I think it is an absolutely vital matter, but because in bringing it up I desire at the same time to answer again statements which have been made by the leader of this government and other ill-advised supporters of it in connection with what occurred in 1921.

In 1921 there was a Speech from the Throne in which the statement was made that the tariff would be revised. The tariff was not revised, not because of any intervening action taken by the government, not because of any intervening question of political expediency which might affect the government, but simply and solely, as was stated at the time, because the United States government were considering whether they would make permanent or not tariff items which we rightly or wrongly thought to be very disadvantageous to this country and we were told from Washington that if we took that action which any self-respecting Canadian government would take on the assumption that those were to be permanent taxes, we might afford a further excuse for making these taxes permanent. I am going to refer to the reasons which were then given. I do this because whenever this government have no defence—and it is very often they

have no defence; it is only an accident when they have one—their whole plea is that somebody else did it—the tu quoque argument.

A pledge was given by this government that there would be no interference in tariffs except on the report of the tariff commission. If that was not to be considered as a pledge, what was the reason for appointing the tariff commission? Was the only justification for the appointment of the tariff commission to give political friends salaries with empty offices and thus pile up expenses on the people? Or was the idea, as that pledge would indicate, that the tariff board was to function, and that no changes should be made before an investigation had taken place? This is not the only breach of faith on the part of the government which we have had to point out. This is not the only instance in which a promise has been given only to be broken. We have pointed out the same thing before, and always the answer is a shrug of the shoulders and "Oh, yes." And that is all. In 1921 there was a budget speech, from which I shall read. The tariff was going to be amended and it was not.

Mr. ROBB: Hear, hear.

Sir HENRY DRAYTON: My hon. friend says "hear, hear." This is his whole case. This miserable attempt has been made throughout the country ever since to make a case for disregard of promises out of the fact that the tariff was not altered at that time. Now I am going to ask the minister if he can fairly take exception to one single word that I shall now read. He cannot and I know he will not. I am reading now from the budget speech of 1921, dealing with this very question of the tariff.

> The tariff deals with international business and the proper interests of the country can only be considered in the light of international business and the tariff laws of other countries.

Does my hon. friend object to that? Can anyone object to it? If so, we ought to find quarters for them in some other place.

An hon. MEMBER: The Senate.

Sir HENRY DRAYTON: No, it will not be the Senate; we can find cheaper quarters for people of that sort.

> It is idle to attempt to disguise the fact that any proper Canadian tariff must have consideration to the settled tariff conditions obtaining in the United States.

Does any hon. gentleman want to object to that? I think not.

> Of our total trade of the past year 57 per cent was with the United States. Of total imports of $1,240,125,056, those from our neighbour to the south were $856,593,470 or 69 per cent of the whole. As already pointed out, temporary tariff legislation of the United States would place a barrier against our exports to that country amounting to no less than $168,000,000. Such or similar action made permanent, of necessity, would require a careful and thorough revision of the Canadian tariff for the purpose of ensuring the proper continuance of Canadian business—of ensuring employment and Canadian stability—a matter of gravest moment to all classes of our citizens, of moment to the farmer as well as to the industrial worker, of moment to the farmer because of the home market—

Of course my hon. friends will not agree with that.

> —always of importance and value to him, would become in view of the action of the United States and of the difficulties of financing overseas sales, more important than ever. . . . Under the circumstances, having special regard to the fact that there ought not to be a general revision of the Canadian tariff now and another after the close of the United States congress, no action will now be taken.

There is the reason no change was made at that time. And what did Mr. Fielding have to say on the question? At page 3154 of Hansard of 1921, he says:

> I notice that the Minister of Finance made a very brief reference to the condition of the American tariff, though I must do him the justice to say that he treated it with more gravity than some people do. There are people throughout Canada who flippantly say that they do not care what the American tariff is.

Mr. Fielding did care, and so did I. And for that reason the government of that day was determined that in face of that temporary legislation which congress was considering making permanent, as unfortunately has happened since, nothing would be done by this country which could for one minute afford the slightest excuse to any action that might be taken by the United States to our detriment. That is why no change was made in the tariff. It was not a question of the exigencies of Canadian politics nor was it a matter of making a concession for votes which otherwise we should not get. There was no suggestion of having to make appeals here and overtures there, for the fact of the matter is that we rather lost support. But what we did we believed to be the right thing and that is why we did it.

5 p.m.

Mr. ROBB: Did not Mr. Fielding conclude his observations on that day by moving an amendment?

Sir HENRY DRAYTON: My hon. friend is perfectly right; certainly he did. Throughout his speech he took the view that irrespective of the general conditions at that time it would be a good thing to get the Union government out of office, and he moved accordingly. How much real sincerity there was in the amendment my hon. friend will find if he consults the budget of 1922. Therein

he will see exactly what Mr. Fielding thought at that time.

The shocking thing about the automobile reduction is that it seems to indicate on the part of the government a state of mind which evidently is above all ordinary considerations of honour or honesty. The government can say what it likes and promise what it likes and can change its mind just as it pleases. Furthermore, the tariff reduction in the case of automobiles exhibits the government's absolute disregard of consequences. I want the minister to correct me if I am wrong, but I have noticed in the public press advertisements showing that the tariff duty which the industry enjoyed before was not a net duty. Last session I took occasion to point out to hon. gentlemen, with much deference, that none of them knew anything about the tariff, for not one of them could tell me what the net protection was under any item contained in the schedule. We have had some light since. We have had Mr. Deachman's articles, which apparently constitute the only expert opinion the minister has received apart from certain references he has made to what the Chief Conservative whip and some others have said. But Mr. Deachman never pointed out what the net tariff was, and I notice the statement in the press that the net protection which the automobile dealers received before was 17 per cent. Did the minister inquire into that assertion and find it wrong? The net protection was 17 per cent as against an apparent protection of 35 per cent. Does my hon. friend quarrel with that? And what is the net protection which the minister is now giving with 20 per cent? Now, so far as the budget is concerned the net protection was never considered by the minister; I do not think I am unfair when I submit that it was never taken into account by the government. The item looked big and the manufacturers appeared prosperous, and there are a certain number of people who always like to throw a brick at anyone who they fancy is prosperous. The minister, I repeat, did not know what the net protection was, or at any rate he did not take it into account. If I am wrong he will contradict me. He does not contradict me, so that the government apparently has brought down these changes without knowing what the net protection was which the automobile industry was receiving, and without knowing what it was doing. They are learning now; they are getting the information, which should have been first obtained. It is quite possible, of course, for the government to do with the automobile industry as they did with the farm implements business. It is quite possible for them to cut down the tariff on the one hand but by concessions, free materials, sales tax and the like not only to make up the cut, but even to exceed it. I do not know that the government intend doing that, but I want to point out that there has been a great change in industry since the war. I have in mind at the moment two factories operated in the same interest which, before the war, made carriage wheels. When the war started, in response to the demand for munitions these plants were converted into the making of shells. The war being over they were then converted into factories making automobile hubs and axles. They had to borrow money, something in the neighbourhood of $450,000 if I remember rightly, in order to make that change. That firm is going to be wiped out as things now stand. Why should it be wiped out? Let us get some reasons. It paid $50,000 a month to Canadian workmen.

Mr. MANION: Did it pay dividends?

Sir HENRY DRAYTON: Besides paying that amount it paid taxes to this government and to the municipalities, and for seven years paid no dividend whatever; last year a dividend of 5 per cent was declared. The minister did not know what he was doing; that is the real truth of the matter. He never deliberately set to work to injure such plants doing business, not in the manufacture of automobiles but in the making of parts. They were trying to develop this country; trying to give work to Canadians, trying to do just what the minister says he is trying to do in this budget, in reducing income taxes—make it more easy to get money for the development of Canada. But what he is doing is making sure that some of the money already obtained for our development will not be worth very much when he is finished with it. It is a serious thing if the people have not a right to accept the word of their government.

I know that great claims are being made by this government on the ground of the return of prosperity; I think my hon. friend calls this the "prosperity" budget. If he had really been seized of conditions and of what he was doing I think he would have called this the "gold brick" budget, instead.

Let us see where the prosperity is, and if we can find it. With those who have studied conditions I think it is common ground that following the war, deflation set in, reaching its culmination in 1921. During that time we went down and down, not only in Canada

but practically throughout the whole world. The great United States had then not a few but hundreds of thousands, even millions of people out of employment; everyone felt it. That is surely common ground with both my hon. friend and myself. Does he deny it? I do not think he would. He certainly should not, and with his knowledge of the subject I am quite confident that he will not. Neither will he deny that that deflation was inescapable; it was forced on the country and was not the result of any governmental measure. We struck the bottom in 1921 and, in common with the rest of the world, began to pick up in 1922. There was progress everywhere; not very much in Canada, but a little.

In 1922 we had the first budget of the King government, in which were made irritating little changes here and there, although the budget did not really amount to anything one way or the other. The only bad thing was that it indicated a trend of policy dangerous to the country, dangerous to industry and to capital; it was an unsettling budget. There were no serious cuts; we used to call it the 2½ per cent budget, but the underlying ideas and the statements made in the House were unsettling, as a result of which people thought it was not safe to go on and expand business. My hon. friend will also agree that that is not altogether a Conservative thought; that others than Conservatives knew that fact. The Right Hon. Mr. Fielding, in his budget speech of 1923, stated:

> Business men do not like to be always threatened with changes in the tariff.

He recognized then that business stability, which he desired, could not be obtained without tariff stability, and he further stated:

> Speaking broadly, it is possible to give the country a reasonable assurance of stability of tariff. Such assurances are very desirable, for no business man would care to enter upon enterprises which may be brought into peril by frequent tariff changes.

Such statements are, of course, merely obvious truisms. Everyone knows them; everyone with any knowledge of business or financial affairs is fully aware of them. The country did not need to be told by the right hon. gentleman, but people were glad to get that assurance; the country quickly responded to this statement of policy, and conditions in 1923 improved.

Our return to normal conditions, Mr. Speaker, has always been held up from time to time; that has been the trouble. We had a proper policy laid down by Mr. Fielding in 1923 "tariff stability" and we had immediate action, with business starting to pick up again at once, with a greater volume of production. The trouble is that we are always being halted and thrown back through this government forgetting all about pledges and statements. Under this government pledges were only made to be broken. We had a period of tranquillity and stabilization in 1923, but my hon. friend brought down his famous "death knell of protection" budget in 1924, and oh, what a year that was! Any member of the House who has followed things at all knows that 1924 was a very bad year. Conditions were better in 1923, but in 1924 the famous "death knell of protection" budget was introduced. Now this year the Minister of Finance says:

> Nowhere are the results—

When pointing to the country's growing trade:

> Nowhere are the results of this growing trade more accurately reflected than in the increased earnings of Canadian railways and in the annual statements of Canadian financial institutions and Canadian industrial corporations.

The minister is absolutely right in his reference to railway traffic. Railway traffic is an excellent barometer. The best barometer we have to-day, so far as this House is concerned, is found in the reports of our own ralway which have been considered by committees of this House, and with which the hon. member for North Waterloo (Mr. Euler) is very familiar. He will be able to tell my hon. friend that he is entirely wrong from his knowledge of what the country did. He will be able to take the minister's barometer, the minister's yardstick, and say to the minister: Yes, there was nothing wrong done in 1925 as regards the tariff—some of the few still sane members of the Liberal party on fiscal questions saw to that—there was nothing wrong done as regards the tariff in 1925, and the country starts to pick up. We gained, certainly we gained in 1925, just as we gained in 1923, just as we go off in 1922, just as we come on after the pledge of the Right Hon. Mr. Fielding that there would be no more of this nonsense. We go down again in 1924 just so soon as notice is served on Canadian industry to get out, that the first step has been taken. Then we have the reassuring budget of last year the effect of which was to increase the customs duties by approximately $1,000,000. Then when you get the country responding and going ahead again, my hon. friend the Minister of Finance this year tries to see if he cannot put another kink in that progress.

I said the hon. member for North Waterloo could show how wrong the minister is in thinking that the Canadian National figures

showed great progress. Let us see. This government always says that it has nothing to do with the management of the Canadian National Railways, and of course it has not, except sometimes when certain matters are up, perhaps a by-election here or a by-election there, and then they seem to get a little bit of assistance, which we do not think is quite right. But speaking generally they have nothing to do with the railway.

Mr. ROBB: Just what does my hon. friend mean when he says we get a little assistance when a by-election is on?

Sir HENRY DRAYTON: Let my hon. friend just ask the minister next to him, the Minister of National Defence (Mr. Macdonald), and if his memory is good—sometimes it is bad—he will be able to tell him as to the political disclosures of certain reductions in rates in Nova Scotia which came very conveniently for a certain election.

Mr. MACDONALD (Antigonish): Not at all.

Sir HENRY DRAYTON: My hon. friend's memory is bad; I pass on.

There are two propositions here, Mr. Speaker. The first proposition is that the government has absolutely nothing to do with the railway net figures. The government can claim credit if, as a result of government fiscal policies, new industries are set going and there is increased production. It can claim credit for the gross revenue of the company, though most of the credit is the fields', I admit. If the traffic goes up markedly, the government can say: Look at this traffic; it shows the country is going ahead very well under our regime. The Canadian National figures show a drop in 1924 as against 1923 of 4,749,721 revenue tons. The yardstick of the railway's activities in freight, namely, the ton miles of revenue freight, fell off 1,613,998,426 revenue ton miles, and as a matter of fact there was a reduction in gross railway revenue that year of $17,547,305.

In 1925 the attack on Canadian industry ceased for the time being. With practically no tariff changes, the country starts to function better, and just here let me point out one peculiar thing which I commend to the study of the hon. member on the other side who has particular knowledge of the railway situation. This country really starts to get on its feet and get going when the government cannot function. If there is any moral to be drawn from last year it is that this government is of no help, but a danger to the country when it can function, but when it cannot function; when it is in dry dock waiting for repairs; when S.O.S. calls go out to the west and the embattled farmers are not here yet, and when the Governor General will not sign orders in council for them, the country starts to go ahead and do well. The moral is there; the facts also are there. Well, business improved in 1925. Does my hon. friend think business ought or ought not to improve having regard to the distance that Canada has travelled from the universal cataclysm of the war? Does he not think so? Does he not think our curve should be up? Does he not know it? If he thinks so, just let us see what he is doing when he refers to these railway figures. It is perfectly true that the railway figures my hon. friend has in mind show a net income of $32,264,414 in 1925 as against an income of $20,430,694 in 1923, but the hon. gentleman when he saw those figures forgot that the government had not anything to do with them, and that the whole betterment—did the hon. member for Rimouski (Sir Eugene Fiset) say, Hear, hear?

Sir EUGENE FISET: No. You are stretching your imagination.

Sir HENRY DRAYTON: Perhaps the hon. gentleman just yawned. He is a good yawner.

Sir EUGENE FISET: It is not surprising either.

Sir HENRY DRAYTON: I admit that some gentlemen would like to forget that the whole of that betterment is the result of economies in the administration of the railways and notwithstanding smaller revenues. The whole claim my hon. friend makes to improvement is to be found in those figures, and they are the only railway figures that will give him any comfort. I say there was less traffic, yes, less gross revenue and less traffic; for the Canadian National Railway statement shows that in 1925 the revenue was $244,971,202, while for 1923 it was $253,000,000 odd. What had this government been doing to the country in the meantime? Well, they had been playing with their tariff reductions. Instead of there having been progress from 1923 onwards there has been retrogression. Let us take my hon. friend's own yardstick, the business activities of the railways, and let us see what they disclose. They show a decrease in gross revenue of $8,164,285. It may be said that some of the orders made as to rates are responsible to some extent for that reduction. But that would not be true in the case of tonnage. In 1925, the great year of prosperity, according to my hon. friend, there was, as compared with 1923, a drop in revenue tonnage of 2,249,081 tons. There was also a drop of 519,614,436 ton miles of revenue

freight in that year of alleged wonderful prosperity. And the figures of our railway are confirmed by the government's own figures. The Dominion statistician has issued a report on railways, including of course the National railway, and that shows a total freight of 103,751,559 tons in 1923 as against 96,239,379 tons in 1925, a decrease in Canada's activities in 1925 as against 1923 of 7,518,180 tons. Perhaps I am wrong in using the expression "Canada's activities"—

Mr. EULER: Could not some of that reduction be attributed to the fact that the railways encountered motor truck competition?

Sir HENRY DRAYTON: Ah! The motor truck is always with us. I did not notice that the minister said very much about that when he was dealing with the railways.

Mr. EULER: It is a fact though.

Sir HENRY DRAYTON: We have to consider also the through traffic, but there is not much difference there; at any rate the difference seems to be fairly proportionate. I have not worked out the calculation myself, but looking at it roughly I do not think the difference would amount to a great deal. I have just taken the figures which the statistical department gave me as to the gross tonnage, and the hon. gentleman will agree with me that there is an astonishing falling off.

My hon. friend has been drawing certain conclusions from certain trade statistics. As to that he is right; the trade statistics standing by themselves are good. But taking his own figures as to the activities of our railways, and these trade figures, can they both be right? It is true that we are exporting much more than we formerly did, but do these figures alone indicate national prosperity? No, Canadian labour has not enjoyed its proper share of trade. The prosperity of the country, outside of certain lines, is unfortunately more fictitious than real. I put these questions to the Minister of Finance: Does he think that a country can really be said to be prosperous that has a diminishing home market? Does he not really think that it is a great thing to have Canadian labour employed and to have a large national payroll? I think he does. I think he would agree with me that no country can be said to be really prosperous whose home market is diminishing. The minister's own figures prove the truth of what I say. Taking his own yardstick as the gauge of prosperity, namely the business done by the railways, we find that we had less production in 1925 than we had in 1923. Can there be any doubt about that? The minister's budget speech, yardstick, shows it so there can be not much doubt about it. Our exports for the calendar year 1925—and I take the calendar year because our railways follow the calendar year—were $254,569,672 greater than they were for 1923, and at the same time our imports for 1925 were less by $12,763,167 than they were for 1923. Smaller production, Mr. Speaker, with increased exports and lessened imports, indicate no general prosperity. Will my hon. friend claim that it does? Can anyone claim honestly that it does? Let me state it again. This is what the minister has proved: There have been increased exports and lessened imports. But smaller production, with increased exports and lessened imports, does not indicate general prosperity. What does it indicate? It indicates lessened domestic activities, a shrinking home market, a shrinking national pay roll—what else can it indicate? We might just as well be honest with ourselves—what else can it indicate? Here is the home production that much less. Here is that enormous increase in exports, and lessened imports. What does it amount to except that the great buying power of the country, which is always the wages of the masses, is not here to make its home purchases as it did in 1923?

Again, is this condition not another indication of what the exodus of our workers really means? I admit at once that certain price modifications will be found. In 1923 our wheat prices were not as good as they were in 1925. Therefore we got more dollars for tonnage exported in 1925 than in 1923. But that is only a modification; it does not furnish a complete answer. While we have had an increase in the case of wheat there have been declines in the case of other commodities. For example, we have had a drop in the price of paper—a very important article of commerce, as my hon. friend will admit. Does my hon. friend really think that exports, at the expense of a loss in the home market, make Canada prosperous? Does he not really know, as has been pointed out by an American authority, that Canada is borrowing? I am not now speaking of government borrowing. We never borrowed very much in New York, but eight months ago the direct government obligations of Canada, although three times as great as they were when this government took office, were small compared with the great borrowings which as a country we have made in New York. My recollection is that in 1915 or 1916, when the calculation was made, American investments

in Canada amounted to $420,000,000. I saw a statement, I think by the general manager of the Royal Bank—and it seems to be fortified by American authority—that the American investments in Canada to-day amount to approximately $2,500,000,000. Does my hon. friend not know that with the necessity for finding interest on that immense amount of money we must have larger exports? Here unfortunately we are not paying merely by these exports, increased as they are; but by the continued transfer of the natural resources of Canada to our friends to the south. Again, that a country cannot hold its own population is no indication of prosperity.

I am not going into figures which have been given before in regard to immigration. I will take the government's own figures relating to present conditions. The last I have been able to get are for January and February of this year. In January the number of immigrants entering Canada was 2,324, and in February, 4,396, a total of 6,720. As against the total immigration into Canada for the same two months in this wonderful year of prosperity, we find that the figures given by the Department of Labour of the United States show an emigration from Canada into the United States for January of 7,155 and for February 6,086, a total of 13,241 or 6,521 more than our total immigration for the two months—nearly double the number of people we have been able to get into this country, with all the millions we have been spending. My hon. friend will know very quickly when we have prosperity in this country: we will have it when we have work for the people who are here, thus obviating the necessity of their leaving. And you will have immigration to Canada when there is a job for the man who comes in. There will be immigration when money is really available for the development of the country, something which my hon. friend wishes, but which he takes such painful care in this budget to prevent.

I am now going to deal with the claim with regard to prudent administration. It is a lovely mouthful of words. I always like to take my hon. friend's own figures. He has been very good this year, in the preparation of his budget, in classifying the expenditures under different heads. He sets forth three different classes of payments which this country has to make—the principal expenditure attributable to the war, other fixed and public debt charges, and general expenditure. He then gives us the costs under those different headings which he conceives to be proper, and I am going to follow them as closely as I can.

[Sir Henry Drayton.]

I will first refer to the principal expenditure attributable to the war. I have taken my hon. friend's list and made out a similar list for 1921-22, dividing the expenditures as he has divided them. I have tried to make it so that it will be fair as a matter of comparison. For example, under the heading of National Defence is now grouped not only the militia activities but also the naval and air activities. I have put them all together, therefore, for 1921-22. In 1921-22 we collected our income tax through the Finance department; we now collect it through the Customs department, therefore I have transferred the item of the cost of collecting taxes from Finance in 1922 and put them under Customs, so that this item can be comparable. In connection with the first heading we have a reduction in cost. These war expenses in 1921-22 amounted to $179,264,098, and for the year just closed, $163,997,000, a saving of $15,249,098. I wonder whether anyone who thought for a moment would not expect that? We have not had an intervening war. As we move from the war those costs go down. Take for example the drop between $9,000,000 and $10,000,000 under the head of soldiers' civil re-establishment. Does anyone claim credit on the part of the government for that saving? There simply was not another war. The number of men still to be taught by way of vocational training and otherwise is disappearing. There was no economy there; it was simply a case of less ground to cover. As a matter of fact, on fair grounds no credit whatever is to be taken by any government for the saving of that $15,249,089.

The next item is, other fixed and public debt charges. In 1922 those amounted to $27,034,553; for the past year they amounted to $31,458,000, an increase of some $4,400,000. Well that is an increase of this government, but it would be absolutely unfair to charge this government with the increase in discount and expenses of loans—just as unfair as it would be to charge the old government with the large item of premium, discount and exchange of $3,302,674 which was peculiar to 1922. Both are matters over which the administration as such had no control whatever. This administration has no control over the item which they have had to insert of $3,530,000 as against $82,636 in 1922 in connection with discount and expenses of loans. The accident is that the loans fell due and my hon. friend had to look after them. In 1922 the accident was that I had to produce a great deal of money for loans falling due in New York. My hon. friend nods his head in assent. I am giving

the government in this the benefit of $200,000 because their item is $200,000 more than mine was.

Unless we throw both these items out I have an absolute right to take credit for making the country a great deal of money in connection with the item of exchange, because over and above every single penny paid out for premium, discount and exchange during those years of bad exchanges, we made $9,848,643. But I am saying nothing about that; it goes; it was an accident; it is something that does not enter into the details of ordinary administration. I would do with that just as I would do with the other item which is against my hon. friend, namely, get rid of it. They ought both to be thrown out. The result there is that instead of an increase of $4,423,447, the real increase is only $976,083 I am not blaming my hon. friend at all in regard to it; he has added that in connection with not war pensions, but the pensions and superannuation of servants of the House. I am not saying anything about this addition of $976,083, but it is an addition.

I come now to general expenditures. For general expenditure the amount actually paid in 1921-22 was $159,421,140 as against $147,435,000 in 1925-26. If we deduct from that item of $3,292,674 that my hon. friend agrees should come out, just as I have taken off from his item of $3,447,364,—we have an actual decrease of $8,693,466. That means that this government had the right to say on these figures: We have run the business of the country for $8,693,466 less than in 1921-22. That falls very far short of the claims that have been made; but just let us look into what the figures of 1921-22 contain. I am sure my hon. friend will agree with me that it is not fair to charge the administration of 1922 with railway deficits which in his administration are transferred to the railways. No man with any ordinary sense of fairness would suggest that. Yet we were charged in 1922 with railway deficits amounting to $6,326,800 for running expenses and $1,364,254 for capital.

We used to help the provinces under the Agricultural Instruction Act. My hon. friend wipes that out. The government say that while they admit agricultural instruction to be a good thing, it is immoral to help the provinces with money raised by Dominion taxation. I might point out in passing how briefly this government can stay with anything, because only this very year we have this proposition that so long as the provinces want money wrung from the Dominion taxpayer, not for the laudable purpose of agricultural instruction but for the equally laudable purpose of old age pensions, it is quite moral and proper to give it to them. So it is. As the hon. member for West Calgary (Mr. Bennett) suggests, one means votes in this House and the other does not.

Under the Highways Act payments to the provinces are reduced by $1,399,008. There is no administration there, under the terms of the act the payments are reduced. I wonder if the government think we should also compare this item of $5,592,703, the final payment for the government's shipbuilding programme which was stopped in 1922. Are they entitled to any great credit because they have not gone on with another? Nevertheless, for the purpose of comparison that is what they must urge, although it is ridiculous to attempt such a comparison. All these items together make a total of $15,769,335. We have the reduction of $8,693,466 shown by including all these items which are not the subject of comparison under the wildest guess, because the work is all stopped or transferred to the provinces or the railways. The government cannot throw the money away for these purposes even if they want to do so; there is no demand on them for it. In order to find the correct result, therefore, we must deduct from those non-comparable items of $15,769,335 the alleged saving. What do we find? In this past year when things are supposed to be more nearly normal, when difficulties are supposed to be composed, we find that the government have actually spent in comparable services $7,075,869 more than was spent by the government in 1922.

In getting at that result I am not taking the figures down to the last five cent piece or anything like that; I am taking them by and large. For example in 1922 we had all the cost of the Grand Trunk arbitration which amounted to something like half a million. I am not taking that off, although there was nothing last year to compare with it. I recognize that from time to time you have these different items; you have something one year and something else another year. It is therefore not fair to strike them off, but it is absolutely unfair to seek to compare accounts with other accounts which contain items and liabilities entirely transferred on to other shoulders, items transferred to the provinces and items transferred to the railways.

So that this "prudent administration" just comes down to this, that in respect of comparable items and expenditure within their control the government have managed to spend in the last year of grace $7,075,869 more than the former government, whom they accuse of such frightful extravagance, spent

in the year 1921-22. I will now hand to Hansard the table containing the comparative figures to which I have referred:

	Budget Estim. 1925-26	Actual Exp. 1921-22
Principal Expenditure attributable to War—		
Interest on Public Debt (inc. over 1914)..	$117,907,000	$122,354,344
War Pensions..	36,160,000	35,414,743
Soldier' Civil Re-Establishment..	7,705,000	17,147,351
Soldier Land Settlement (Administration)..	1,300,000	2,125,874
Imperial War Graves Commission..	475,000	522,115
Battlefield Memorials.. ..	175,000	137,421
Adjustment of War Claims	275,000	1,544,250
	163,997,000	179,246,098
Other fixed and public debt charges—		
Interest on Public Debt (as of 1914)..	12,893,000	12,893,505
Other pensions..	1,060,000	738,288
Superannuation..	1,600,000	1,108,200
Subsidies to Provinces. ..	12,375,000	12,211,924
Discount and Expenses of Loans..	3,530,000	82,636
	31,458,000	27,034,553
General expenditure—		
Charges of Management..	880,000	806,926
Premium, Discount and Exchange..	10,000	3,302,674
Civil Government..	11,000,000	9,968,932
Administration of Justice	2,165,000	2,151,956
Legislation..	2,485,000	2,130,461
Elections..	1,650,000	1,739,989
Penitentiaries..	1,640,000	1,527,451
Agriculture..	5,850,000	5,805,900*
Immigration and Colonization..	2,500,000	1,636,597
Health..	650,000	687,981
National Defence..	12,450,000	15,826,128
Royal Canadian Mounted Police..	2,097,000	2,962,442
Public Works chargeable to Income..	13,500,000	10,574,364
Railways and Canals, chargeable to Income.. ..	1,350,000	1,912,706
Canada Highways..	2,000,000	3,399,008
Mail Subsidies..	1,100,000	1,105,896
Ocean and River..	2,400,000	1,684,389
Lighthouse and Coast.. ..	2,450,000	2,280,766
Steamboat Inspection.. ..	119,000	103,670
Fisheries..	1,400,000	1,343,136
Mines and Geological Survey..	500,000	608,029
Scientific Institutions.. ..	1,000,000	624,389
Indians..	3,676,000	2,944,037
Government of the Northwest Territories..	380,000	156,195
Miscellaneous..	3,500,000	10,664,065
Government of the Yukon Territory..	215,000	142,916
Customs and Excise (Outside Service)..	9,850,000	8,700,326
Post Office (Outside Service)..	30,360,000	28,121,425
Public Works, collection of revenue..	860,000	1,073,304
Railways and Canals, collection of revenue..	2,100,000	8,624,094†

General Expenditure—*Continued.*		
Dominion Lands and Parks	3,875,000	4,226,070
Trade and Commerce.. ..	4,750,000	4,213,902
Labour..	1,250,000	1,645,540
Public Printing and Stationery..	138,000	211,271
Miscellaneous Consolidated Fund charges..	350,000	218,882
Capital Expenditure—		
Public Works, including Marine Dept.	4,930,000	10,431,698‡
Railways and Canals.. ..	12,005,000	5,863,634§
	147,435,000	159,421,140
Total estimated expenditure on Government services	342,890,000	365,701,791

*Includes Instruction Act, $1,104,570, for 1921-22.

†Railways Collection includes $6,326,800 Canadian Government Railways deficit.

‡Railways Capital includes $1,346,254 Canadian Government Railways capital.

§Includes government ship-building, $5,592,703.

	Budget Estim. 1925-26	Actual Exp. 1921-22
Principal Expenditure Attributable to War—		
Totals..	$163,997,000	$179,246,098
Subtract..	.....	163,997,000
Necessary decrease and unattributable to government action..	.....	15,249,098
Other fixed and public debt charges—		
Totals..	31,458,000	27,034,553
Less amount not fairly chargeable for comparative purposes..	3,447,364	
	28,010,636	
Subtract..	27,034,553	
Increase over 1921-22.. ..	976,083	
General Expenditure—		
Totals..	147,435,000	159,421,140
Less amount not fairly chargeable for comparative purposes..		3,292,674
		156,128,466
Subtract..		147,435,000
Decrease compared to 1921-22..		8,693,466
Agricultural Instruction Act responsiblity tranferred to provinces..		$1,104,570
Railway deficit—transferred to railways..		6,326,800
Railway capital—transferred to railways..		1,346,254
Highways Act reduced payments to provinces..		1,399,008
Government ship-building programme stopped in 1921-22..		5,592,703
		15,769,335
Reduction shown including the above items not subject to comparison..		8,693,466
Resultant increase of 1925-26 over 1921-22..		7,075,869

Mr. ROBB: And notwithstanding all that my hon. friend has said, we have reduced taxation.

Sir HENRY DRAYTON: I will deal with that for a minute. The government has boasted of having got such immense revenues, and certainly it has levied taxes which no other government has ever done. It can devise nuisance taxes in a way unknown to any other government and it can multiply and duplicate those taxes in a manner peculiar to itself. Before talking of reduction of taxation the minister should compare the basis of taxation in 1922 with that of to-day.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Sir HENRY DRAYTON: When six o'clock was called I was about to discuss really the only remaining subject I desire to touch on, because I intend reserving my criticisms on the details of tariff and income tax to the appropriate place in committee. I am quite sure that we will have amendments, particularly in connection with the income taxes, some of the present resolutions are simply unworkable, and I think the only matter now left for me is the references made to the reduction in debt by the Minister of Finance.

We have an improved situation in Canada which, so far as our finances are concerned, is pretty well covered by the decrease in the demands of the railways upon our treasury. The minister in his budget this year points out that during the year 1924-25 assistance to the railways amounted to $74,000,000, and that this assistance was made up of $10,000,000 in cash advances and $64,000,000 in guaranteed bonds. This year we have a very much smaller sum, and so far as our governmental finances are concerned the situation is changed much for the better as a result of this lessened demand.

This budget is particularly interesting, because the Minister of Finance draws a distinction between guarantees given for refunding purposes and other guarantees. He refers to the fact that the assistance to the railways last year amounted to $74,000,000 exclusive of an issue of bonds for refunding purposes. That issue of bonds was guaranteed by the government in the same way as the $64,000,000 was guaranteed. We have this year, for the first time from this government, an admission of the fact that there is some difference in liability when the endorsements are for the purpose of refunding and when they are not. Assistance to the railways is cut down in this case to the amount of the guarantee plus the cash, when that guarantee is not used for refunding purposes, so for the first time we now have admitted the difference between guarantees for refunding purposes and new obligations. What is that difference? Everyone knows the only difference is that in connection with refunding purposes the guarantee does not add to total obligations while in the case of the guarantee being given for new purposes, to pay up deficits and so on, the country's obligations are increased by the extent of that guarantee. There is no other difference or distinction.

Just let us see what the position is when we guarantee bonds for new liabilities. In the case of our railways, everyone admits that they stand on our books at a far greater sum of money than they are worth. This is admitted in the budget and is referred to by the minister. Of course we are liable for it; we own the railways, and run them through our agents, the board; we issue obligations in the name of our agents, endorsing them ourselves. Is it not idle to pretend that there is the slightest difference to the liability of the country whether we are there as endorsers or as makers of those bonds, when we all know that we already have far more in the enterprise than we can ever get out of it? We have never had any real defence given by the government of what has gone on in the past. Hon. gentlemen who were not in the former House will be surprised to learn that the government have been treating these obligations as if they were mere nothing, as if the thing was paid for when it was signed—thank God, that thing is over and done with. That has been their attitude. This year, of course, they are seeing the difference, and they are pointing out the distinction, and that distinction can only be what I say, but to the extent of $118,000,000 odd this government have so dealt with the question—that is, they have issued these obligations and paid not the slightest attention to them in looking after their capital accounts.

But they have a defence, at least, only that kind of defence which this government as a rule has, and even then it is not founded upon proper facts. That defence is: Well, you did it. Mr. Speaker, in the first instance, the defence is not true. In the second instance, if true, it can be absolutely no justification for continued deceit, for that is all it is, and much more so now that we have to-day from the Finance minister the distinction drawn between guarantees given for refunding purposes and other guarantees.

I say we did not do it. On the other hand, as far back as 1919-20 we recognized the fact that the railways stood on our books for far more than they were worth, and we treated $284,000,000 odd in that one year as inactive, something which could not be relied upon, something which certainly was bringing in no income, and we increased our net debt accordingly. Some hon. gentlemen who were not in the former House may not be quite familiar with this. We arrive at our net debt by deducting from our gross debt our assets, and when we ourselves knew that we had not the assets there, we thought we might just as well be honest to the country and to outsiders and say so, and so we did. We took off that sum, which had the effect of adding to our national debt in that one year $284,000,000.

Mr. EDWARDS (Frontenac): What year was that?

Sir HENRY DRAYTON: In 1920, and that has been referred to by supporters of the government. I will not say that any members of the government were quite so foolish as to do it, but the increase in the debt that year has been referred to as an evidence of improper Conservative administration when the whole fact of the matter is that it was simply a belated statement of truth. That is what we did.

Now I am going to put on Hansard the figures taken from the books of the Finance department and from the public accounts showing exactly how this debt question has been treated. In the first instance, the statement shows the net national debt at the end of each fiscal year ending March 31st; these are the figures of the Minister of Finance and of his department. Then under the heading of "Aid to Railways" is shown the cash loans granted. The next column gives the aid given by guarantee of bonds, and the next shows the total redemption of debt both from cash loans and guaranteed issue proceeds. The table is as follows:

—	Net National Debt, fiscal year ended March 31st	Aid to Railways		Total redemption of debt both from cash loans and guaranteed issue proceeds
		By cash loans*	By guarantee of bonds	
	$	$	$	$
1920	2,248,868,623	45,780,690	17,109,027	For redemption purposes.
1921	2,340,878,983	109,662,655	50,000,000	56,382,626
1922	2,422,135,801	97,950,645	61,000,000	48,871,443
1923	2,453,776,868	77,863,936	nil	25,275,902
1924	2,417,783,274	23,710,616	72,500,000	11,469,369
1925	2,417,437,685	9,934,452	81,000,000	24,007,533

*Treated as inactive assets and not deducted from Gross Debt.

As I said before, Mr. Speaker, the answer to the charge that the surplus of guarantees over debt retirements could not be deducted from the gross debt always was: Well, you did it. No such charge can be made for 1920 when we voluntarily added $284,000,000 to the debt, nor in 1921 when debt retirements were actually $6,382,626 more than the guarantees.

Then the year 1922 comes along, and in that year the endorsements amounted to $61,000,000; the retirements amounted to only $48,871,443. Now of that year this administration was responsible only for the final quarter. I think, as a matter of fact, the railway payments had been made in the first part of the year; I do not think railway guarantees were given during the latter part of the year. I may be wrong in that, but it makes no difference. Right or wrong, there was only one government responsible for the final marshalling of the figures, and that was this government. These figures are marshalled in March, of 1922; the Conservative administration went out of power in December, of 1921. But the whole defence is that we did it. Well, as a matter of fact, we had absolutely nothing to do with the marshalling of these figures. Payments are made from time to time in the Finance department, the same as in any other department, from cash on hand as the necessity arises, but the marshalling is always done, as it ought to be done, in the department itself, when the accounts for the year are being made up. So the result of it is for those three years, that we have a surplus, the last year, of guarantees over debts paid of $12,000,000 odd, and taking the full three years into consideration we have a surplus of $5,745,931 of guarantees over the debts paid off.

In the year 1923 we have a large sum of money coming in from England, something not earned by this government at all, something earned by the transactions of the former government with the Mother Country. That money is paid in cash. The government has the cash and they pay the whole of the commitments thrown upon them in cash, namely $77,863,936. The next year, 1924, simply because this government has not the cash, we start in with heavy guaranteees, and guarantees were given amounting to $72,500,000, as against retirements of $11,469,369; and in 1925, $81,000,000 as against retirements of $24,007,533.

Everyone agrees, first, that the property is not worth anything like what we have against it; secondly, that all the cash payments through all these years have been treated as money put away, treated as money bringing in nothing, treated as a dead asset, and they have not been deducted from the gross debt. Hon. gentlemen will also see that the real controversy turns entirely upon these two years, 1924 and 1925, where we have a net addition of guarantees over and above debts—and therefore of liabilities 100 per cent—of $118,000,000.

In the first instance, Mr. Speaker, let us just consider the absurdity of this position. When the money is your own money that you can afford to put into the property it is gone. It is no good, it is something to be written off. When you have no money and you borrow and get the cash, as was the case in some of the previous years, again the money that you borrow and put in yourself is gone. It is not deducted from the gross debt. On the other hand by some peculiar kind of—well it is not reasoning, it is misleading the public—

An hon. MEMBER: Juggling.

Sir HENRY DRAYTON: Yes, "juggling" is a better word. Where you do not get money out of your own pocket, or on your own bond, but simply endorse the bonds of your agent who cannot pay you—namely the board—in that case the investment is perfectly good, and there is no responsibility. The thing is so perfectly ridiculous that my hon. friends were very well advised in the past when they admitted that there was no defence of the practice except the defence of "you did it." Now, I will simply put on Hansard the figures. The addition which ought to have been made to the net debt of the country for these years is $118,023,098. That is made up in this way: In 1924 the bonds guaranteed amounted to $72,500,000 odd, less redemptions of $11,469,369, leaving of increased responsibility $61,030,631. In 1925 the bonds guaranteed amounted to $81,000,000, less redemptions of $24,007,533 odd, leaving $56,992,467 added to the country's liability. Total $118,023,098.

I am not going to say anything about the little differences we have had in connection with fixing our national debt. We have had a revaluation of securities in the past, for example in connection with the debts contracted by Roumania and Greece, and the course followed by the directors of the late lamented Home Bank, which added pretty well to the showing for the financial year in which the particular arrangement was adopted. Now we had a change of ownership in connection with an elevator at Vancouver, built, if I am correct, by the Conservative administration. A debt reduction follows in the case of this elevator because it has been transferred to the commissioners at Vancouver and they are paying interest. In that case technically I think they are right because any investment which is paying interest ought, I think, to be deducted.

With these aids the Minister of Finance now calculates our net debt as $2,395,084,685. But if we are to be fair to ourselves and to the country we have got to add the $118,023,098, the increase of the country's railway guarantees over obligations retired, which makes the net debt not $2,395,084,685, as the minister states but $2,513,107,783, or $90,971,982 more than when the present government took office. Whatever defence may be hunted up by the government I hope it is not going to be the same defence as in the past, namely, "you did it." I have given the actual figures, and they cannot be controverted by the minister. Why, I am fairer to the minister than he is to himself. Take for example his statement as to guarantees. Last year over and above retirements he says it was $64,000,000. In my calculation I did not bring it as high as that, I only made it approximately $56,000,000.

Mr. DIONNE: Who is right?

Sir HENRY DRAYTON: Will the hon. gentleman who asked the question stand up so that I may see who he is?

Mr. DIONNE: I simply asked the question who is right in regard to these figures.

Sir HENRY DRAYTON: I think the figures of the minister may be correct, but in fairness to him I think I should reduce the amount as I am reducing it.

Mr. DIONNE: Will the hon. gentleman answer the question?

Sir HENRY DRAYTON: I wonder if my hon. friend will keep quiet for a few minutes.

I should like to see the government act with a little fairness in regard to this question in the future. We have not had the truth in the past, but we ought to have it in the future so that there should be no dispute about the matter. The figures of the department have been given. If they are wrong let us get them right. Do not let us argue any more about things as to which there should be absolutely no room for debate at all.

Now, Mr. Speaker, I have shown what the figures for the national debt really are. I have also demonstrated what the results have been of the so-called "prudent administration." I have endeavoured to show you of what the so-called tremendous prosperity consists, and now close, reserving further comment until the complete government proposals will be disclosed in committee.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, a short time will suffice for me to say what I have to say with regard to the budget.

First of all, let me call the attention of the House to one or two items in the estimated expenditure which I think are of vital interest. The Minister of Finance has given the expenditures attributable to the war as $163,997,000 or 47.83 per cent. Subsequently he shows that these are not all the expenditures, and he enumerates a number of other items which I take it would bring the total up to over 50 per cent. It ought to be clearly understood by the people that of the total annual expenditures which we make here, fully one-half goes toward the payment of the interest charges of the last war. We are told that we need some war memorials. I would suggest that in this huge amount we have a very imposing war memorial, and one that is likely to prove very enduring indeed. Notwithstanding that huge amount, I observe that later on the amount proposed this year for what is called "national defence" is higher than the entire amount proposed to be spent on civil government. I know some hon. members in this House are inclined to take some of us to task because we take the opportunity from time to time of calling the attention of the government and of the country to the necessity of reduction in our war expenditures and the futility of war expenditures. Sometimes the papers take a fling at us and say we are making our annual speech on the war proposition, but I cannot accept this budget without emphasizing these figures given to us very clearly by the Minister of Finance (Mr. Robb) that show that we spend half our entire income upon war expenditures connected with the past war. As long as that situation continues it seems to me we are fully justified in discussing any measures that would tend to prevent any future occurrence of this kind.

Mr. EDWARDS (Frontenac): What part of that expenditure would the hon. member eliminate, or what part could be eliminated?

Mr. WOODSWORTH: Of the war expenditure?

Mr. EDWARDS (Frontenac): Yes.

Mr. WOODSWORTH: I will come to that a little later. It is there now as a charge, but I suggest here merely that we should be very careful not to do anything that might increase the charge in the days to come.

There are other fixed and public debt charges amounting to 9.17 per cent of the total expenditure on government services. That means that fully 60 per cent of the entire expenditure of this country is what is termed fixed charges, so that at the best we in this House have control over less than 40 per cent of the expenditures. Again, of that 40 per cent a very considerable proportion of that amount is in the form of certain statutory expenditures; so that after all the amount that we directly control in this House is comparatively small.

I do not intend to enumerate the items which were given us by the Minister of Finance, but I might note two or three by way of illustration. For example, for the health of the people of this country we spend .19 per cent of our total expenditure. For scientific institutions we spent .29 per cent. For labour, a department in which I am of course interested, I note we spend .36 per cent. These most important departments of our public life are of such insignificance in the eyes of the parliament of this country that adding these three items we spend less than one per cent in carrying on what some of us regard as very important matters. We have, however, the opportunity of making some savings, it seems to me, even within the limits which I have indicated. We all recognize that in the co-ordination of the civil service we might effect very considerable saving. I should like to read a sentence or two from the Ottawa Citizen of January 26, 1926, which indicate the possible extent of such saving. On the editorial page there are certain facts and considerations as follows:

1. That the National Civil Service Reform League of the United States estimates a loss of $750,000,000 per annum in all government services or 25 per cent of the whole.

2. That in Canada there is an approximate comparative loss of $60,000,000 through loose, inefficient, and non-competitive government business.

3. That in 1918 the total personnel in the federal civil service was taken out of patronage and placed under open competition, or merit. To-day 33⅓ per cent of these positions have been returned to the patronage system as political plunder.

I think that any one who wishes well for the future of Canada will come to the conclusion that we must not return any further along the road of patronage. I do not intend to discuss to-night the weaknesses that have been exhibited in our civil service. We are all aware of these from the recent investigation, but at the same time, as a country we cannot afford to return to the patronage system. We should restore to an independent commission those positions which have been taken back under government patronage. The same might be said in regard to the great purchasing agencies where undoubtedly a large amount that is now expended, might be saved. Such a procedure would also greatly improve the general morale of the public.

Turning for a few minutes to the revenue side of our account, I note that from the income tax we received only 14.73 per cent of our total ordinary revenue. We have had a great deal of discussion in the last three weeks in this House in regard to the reduction in the income tax. It would seem to me that we have not so fully borne in mind that, after all, the income tax forms a very very small proportion of the total taxation of the people of this country, being less than 15 per cent. There are those who have objected to the income tax on the ground that we need more money for our investments. I am inclined to think that those who make such statements have not given sufficient attention to the underlying economic conditions. Our banks say they have money standing idle at the present time. I should like to suggest that instead of more money for investments we need greater buying power on behalf of the great masses of the people of this country. I would commend the Minister of Finance for reducing the taxes on the low incomes, and I would commend him for distinguishing between the incomes derived from earnings and the incomes derived from investments, but I am sorry to see any lessening of the tax on the higher incomes. On the other hand, I should like to see these very greatly increased, because as it is we are giving larger and larger amounts for investments, perpetuating and accentuating one of the evils from which the people are suffering the world over.

Certain hon. gentlemen have been ridiculing the analysis of the economic situation which was made a few years ago before the Banking and Commerce committee. The hon. member for Fort William (Mr. Manion) and the Minister of Finance himself have laughed at the analysis which was made there. There are many thoughtful students of economics to-day who are voicing some of those opinions in ever louder tones. I should like some hon. gentlemen if they have time to read this article which I note in the April number of the Atlantic Monthly, because it contains in summary form an argument which has been recently set forth in a very important book on Profits, by Foster and Catchings. I want to read just a paragraph or two that will give the idea of the argument. For example the article states:

> The engineering societies, under the direction of Herbert Hoover, have shown that we are already equipped to double our volume of production.

That is, instead of wanting to invest more fixed capital in railways, factories and other machinery of production, we have already at the present time capacity on this continent more than to double our present production. Why then do we want more investment? The trouble fundamentally is, as the article goes on to show:

> What the people must have if prosperity is to last is the money with which to pay for goods rather than more and more devices for enabling them to acquire goods for which they do not pay.

We are told and we have been told in this House that the labouring people are receiving higher and yet higher wages. The authors of this article go on to say:

> The recent researches of Paul H. Douglas, soon to be published, show that the gain in real wages in the United States from 1890 to 1919 did not average one-half of one per cent a year. For a generation or two we have fallen far short of making the gains in human welfare which should have resulted from our scientific progress.
>
> Progress towards greater total production and resultant higher standards of living is retarded because consumer buying does not keep pace with production.

In rather a humorous way the authors of this article, which is entitled "The Dilemma of Thrift," put the situation which faces us at the present time.

> What a mess we get into! We work hard to pile our shelves high with what we most desire, and then we have to stop working because we are unable to take these things off the shelves and enjoy them. Though we produce much less than we could easily produce, we do not distribute to advantage even what we succeed in producing. We condemn extravagant buying at the very time when industry slows down because people are not buying enough. Then, while business wanes because it lacks consumers, we put taxes on

consumption; and, precisely when business is in greatest need of people with incomes to spend, we reduce those incomes by reducing wages and dividends. We celebrate "buyers' week" and "thrift week" at one and the same time. By investing our savings, instead of spending them, we deny ourself to-day in order to produce more in the future, although we are already equipped to produce more than we know how to use. While many at home are in want, we strive more and more to send more of our wealth abroad; but we are loath to import much in return. Nations, at least, seem convinced that it is more blessed to give than to receive. A topsy turvy world! Alice in Wonderland found nothing more paradoxical.

I would like to turn back to our accounts for a moment. I said that we received only 14.3 per cent from our income tax, but we expect to receive from our excise taxes, namely sales tax, stamp tax and so on, 25.35 per cent, and from our customs import duties 33.80 per cent. It is not the income taxes that weigh the heaviest or that weigh at all upon the ordinary citizen. The great majority of our wage-earners and the lower salaried men in this country do not pay income tax at all. The tax that weighs on the ordinary citizen is the indirect tax such as the sales tax and the import tax and on this customs import duty alone we pay 33.80 per cent. The greater part of our taxation comes in this indirect way.

In our income taxation we have been very careful to exempt those who have children; the more children you have, the less heavy the income tax weighs. But in the case of indirect taxation the more children you have, the heavier the tax, because of course we have heavier expenditure for food, clothing, housing and all along the line. So that in these indirect taxes which form the great bulk of the taxation which is placed upon the people of this country, there is not only no exemption for those who have the heaviest burdens to carry, but an added tax on those who are already overburdened. That is about the situation as we find it with regard to our estimated expenditure.

I have spoken of the way in which we may conserve something of the comparatively small amount of our revenues over which we have control. Just to illustrate some questions which arise outside of this parliament building but which receive scant attention inside, I should like to quote a paragraph from an address recently delivered by Dr. C. D. Howe, Dean of the Faculty of Forestry of Toronto University, to the Canadian Club According to the Ottawa Citizen, he said:

> In the last seventy-five years nearly a million square miles of forests have been destroyed by fire in Canada. Even to-day three million acres are burned each year, equivalent to a strip of land a mile wide from Halifax to Vancouver. Does it matter who is Prime Minister as long as we continue to lay waste our forest wealth at the rate of three million acres a year?

[Mr. Woodsworth.]

This is my point: We spend a great deal of time talking about a few dollars rise or fall in income tax, about a few cents rise or fall in certain customs duties, while in the meantime great economic questions find hardly any place in the discussions which go on in this House. I think Mr. Howe is quite right in the question which he asks:

> Does it matter who is Prime Minister as long as we continue to lay waste our forest wealth at the rate of three million acres a year?

I will not take the time of the House to go into the way in which we have been dissipating many of our other natural resources. There came into my hand only a few weeks ago a paper delivered last March by Mr. C. M. Campbell before the Canadian Institute of Mining and Metallurgy, on our Canadian natural resources. Some of us have been rather prone to emphasize the fact that we have almost unbounded natural resources in this country, but these scientists are now beginning to tell us that we have been altogether to optimistic with regard to these matters and that already our soils are being depleted, our forests are rapidly diminishing and even our mines are not nearly so extensive as we have imagined them to be. These things, it seems to me, should give us pause, and instead of spending three or four weeks in discussing what, after all, are almost entirely political matters, we as representatives of the people ought to spend a great deal more of our time in considering the conservation and the proper utilization of these great natural resources.

I wish hon. gentlemen could read a little book, The Tragedy of Waste, by Stuart Chase, with regard to the wastes that are occurring on this continent through lack of co-ordination in the management of our industrial affairs. I remember several years ago reading an interesting little book by King C. Gillette. a practical business man who was accustomed to sizing up industries from the standpoint of the efficiency engineer. He looked over the industrial field and asked whether we were at all efficient? He said, among other things:

> The engineers estimate that the loss to industries, through lack of efficiency is as follows: Mens' clothing industry, 63.78 per cent; building industry, 53 per cent; printing industry, 57.61 per cent; boot and shoe industry, 40.93 per cent; metal industry, 28.66 per cent; textile industry, 49.20 per cent.

This, he points out must average something like 50 per cent, a loss which he thinks is chargeable to lack of co-ordination. In the author's opinion, an individual under the system of co-ordination which he is advocating could produce enough in five years to

maintain him for a lifetime of seventy years, no matter how extravagant he might be. This comes, not from some university professor or from some academic dreamer, but from a practical business man who, after looking over the arrangements of our industrial system as it operates to-day, suggests that there are great gaps to be filled in and duplications to be cut out, and that co-ordination is absolutely necessary if we are to produce and distribute economically and avoid the waste which is now taking place. I suggest that if our industry is 50 per cent inefficient we should pay a little more attention to recommendations of that kind and less attention to protecting our industrial concerns from outside competition. Let me say again, as I have said before that in my judgment neither protection nor free trade will solve our present problems; we must get behind all that and recognize clearly that solutions which perhaps might have been satisfactory some years ago are no longer feasible inasmuch as new factors have entered the industrial field in recent years.

There is one other matter to which I desire to call the attention of the House in connection with our financial statement. I have spoken of the estimated expenditure and the estimated revenue and made a few comments in each case. There is also the balance sheet, if I may so describe it, which the minister has submitted to parliament. On March 31, 1925, our net public debt stood at $2,417,437,685.59, and the minister estimates that there will be a decrease in the debt this year to the extent of $22,353,000 odd. That sounds a large amount, and as some hon. members of the opposition have pointed out it is only apparent in view of the fact that the Canadian National Railways have not been taken into account. Personally I hope the time is not far distant when, in preparing the balance sheet, our government will include the Canadian National Railways among the public works of the country. But after all, it must be remembered, this apparently large decrease of $22,000,000 which is anticipated is less than one per cent of the debt, so that if the Canadian National Railways are taken into consideration it is evident that we are not even paying the interest on our debt, let alone reducing the debt. That is the great point for us to emphasize. Most of us are unable to think in terms of millions or billions, but there are few who are incapable of thinking in percentages, and that is why I am trying to emphasize the percentages. We are therefore reducing the debt nominally by less than one per cent. And while this is an improvement on previous years it is still a very small reduction and does not touch the main problem at all.

As I have pointed out before, it is somewhat difficult for those of us who
9 p.m. belong to the minor parties to know how to vote on the budget, for the simple reason that only one amendment is permissible. We have therefore to vote for or against the amendment, and then for or against the main motion, for under normal circumstances we have no means of stating what we think should be the fiscal policy of the country. It may be, in fact it is true, that we in the labour movement are so small numerically that it could make no immediate difference to the House or to the country what we might propose as a fiscal policy. Nevertheless we are here to submit our policy to parliament, and as I cannot move an amendment to the budget I want to put on Hansard again, as I did two years ago when I had an opportunity of proposing an amendment to the budget, the views of those whom we labour members represent in this House.

With regard to taxation we believe (a) in the abolition of fiscal legislation that fosters and sustains class privilege; (b) in the removal of taxes from the necessities of life; (c) in the taxation of land values; and (d) after the exemption of small incomes, in a steeply graded income and inheritance taxation. And the eleventh plank of our platform provides for a capital levy for the extinction of the war debt.

I want to call the attention of the Minister of Finance (Mr. Robb) to the last two proposals. I cannot see why we in this country ought not as a federal government to impose an inheritance tax.

Mr. EULER: Would the hon. member add that tax to the inheritance tax already imposed by the provinces?

Mr. WOODSWORTH: Yes. Some of the provinces have an income tax which their citizens have to pay in addition to the federal income tax and I see no reason why we should not have a federal inheritance tax. In this connection I would observe that as between administrative bodies taxation is after all merely a matter of adjustment, and it is one that could be worked out between the Dominion and the provinces. I am inclined to think that in some respects the federal government have pre-empted too great a proportion of the taxation of the country. However, I am not discussing that question at the moment; rather, I am considering the principles underlying the proposal for an inheritance tax. I believe that we are absolutely right in suggesting that after a certain exemption, sufficiently large

to enable a man's estate to provide for his immediate dependents, the rest of that estate ought to be very heavily taxed. Personally I would go a great deal further: I would say that it ought to be expropriated.

An hon. MEMBER: What would be the limit?

Mr. WOODSWORTH: I would not make any sugestion offhand; I am merely stating a general principle. But I would allow an exemption sufficiently large to enable the estate to take care of the man's immediate dependents, to give them a start in life, and after that I should think the state might very well take over the remainder. After all, when you come to financial wealth you must remember that you are dealing with something that is different from the real wealth of the country. In the case of real wealth the more I have the better it is for me and it is none the worse for you, but in the case of financial wealth, dollars and pounds, the more I have the worse it is for the community, because after all the dollar is simply an order on the services of the rest of the community. If we allow large numbers of these orders to be passed on from generation to generation it means that the rest of the community, that the unborn children of the rest of the community, are saddled with debt and have to pay services for which those who inherit these orders have rendered no real value. These are considerations to which we should give attention.

I would go further than this. With regard to the war debt, as has been suggested in a good many countries, we should go beyond taxing the income and tax the principle. In previous years I have called the attention of the House to what I think should be very clearly recognized by all Canadians. During the war we paid very little of the war expenditure; we simply borrowed and borrowed and put off until after the war the settling of accounts. The result was that a large number of people were enabled to profiteer during the war. Since the war we have issued a large number of tax-free bonds, and a large number of people indirectly profited by the war after it was over. And what is the result? The greater part of Canada's debt is not owed to people outside of this country; if it were it might then be regarded as an international debt which we were under obligation to pay. But the greater part of that debt is owed to people within the bounds of Canada, which simply means that we are drawing in these large revenues from different sections of the country, from the mass of the Canadian people, and turning them over to another group of Canadians, who I fancy do not constitute a very large group. Over a hundred million dollars a year is being drawn from the mass of Canadians to pay those comparatively few who own our war debt, and over half this amount is in tax free bonds. It often seems to me that we in this House are not occupying a very enviable or exalted position, when our job seems to be that of a great collector, drawing from every man from Halifax to Vancouver what little sums he can afford; securing these not from him directly but indirectly through the things he buys; collecting all these little driblets from the different sections in order that, when we have collected them, they may be turned over to the few people who really control the situation. I do not know whether the bankers' proposition which is now put forward by the International Bankers would be a very great departure from the present scheme of things. They propose to collect the debts directly instead of through the different governments. I am not sure whether or not that would be feasible. After all the end is the same, whether debts are collected through the governments or directly; it means that a certain group of Canadians are paying tribute to another group of Canadians, and in regard to the returned men I would say that they are paying with the rest of the citizens, and paying heavily, in these forms of taxation, especially in the indirect taxation which forms so large a part of what we are able to collect.

I had not intended to say very much with regard to this budget as it affects labour. I think we may say that on the whole it is a fairly satisfactory middle class budget. So far as it may stimulate general prosperity, and lessen unemployment it may be beneficial to the workers. But on the whole it does not relieve to any great extent the burden which the workers are now carrying.

Since a good many gentlemen have brought up the matter during this debate, I would frankly admit that a good many of the labour men in eastern Canada are protectionists, and that they vote Conservative. That is their right, but I would also suggest that a very large number of these same people are not at all in favour of political action on the part of labour. Some of us in this country are trying to develop along the British lines, rather than along American lines. One of the Toronto members referred in eulogistic terms to Mr. Samuel Gompers, and thought we should follow his lead and not draw labour into the political sphere at all. I would like to say that some of us who have had British

training do not propose to take the lead in political matters from Mr. Samuel Gompers or those who have accepted his policy. We are following, and propose to follow much more closely, the example of the British Labour party.

An appeal was made the other day in front of this building by a large delegation from one of the industrial centres of the western part of this province, and we were told that theirs was the voice of labour. I mingled with that throng and talked with a good many of the men. I was very much interested in discovering that they were very carefully marshalled by their employers. I was rather surprised to learn that they had even brought the company's police along, in order to keep order among themselves. I would also like to call attention to the fact that within those factories represented in that delegation there is no labour organization, so those people who are not yet strong enough to organize in their own behalf were the people brought down here by their employers to present their case. I do not at all question that they believed theirs was almost a holy crusade; I know that was their belief, but I would like to say that these men had given very little attention to the underlying factors in their problems.

Labour after all is only one factor in the cost of production, and wages bear very little relation to the service rendered by labour. Before sitting down I should like to repeat some figures given in a previous debate by the hon. member for Macleod (Mr. Coote). He pointed out that protection amounted to 35 per cent, but that the wages and salaries amounted to only 16½ per cent; that is, the protection afforded was more than double the wages and salaries. He went on to say:

> For 1924 the total salaries and wages paid by the automobile industry was $14,219,137 and the value of their production $88,000,000. Wages and salaries were therefore 16.1 per cent of the value of the production. The protection enjoyed is 35 per cent, and the increase in price over the United States price is also 35 per cent. In other words, the increased price which our automobile manufacturers exact from the Canadian people because of the tariff is twice the total salaries and wages paid by the industry.

Supplementing those remarks I would give these figures. The Ford Company book for 1925 shows salaries and wages of $10,138,927; the Financial Post of February 12, 1926, shows the net profits of that company for 1925 as $6,131,352. I would say, Mr. Speaker, that these figures amply bear out the statement I made a few moments ago, that labour is only one—and in this case a minor—factor in the cost of production, and further that the wages paid seem to bear very little relation to the service rendered.

The budget from our standpoint is by no means what we would like to have it. As far as the people whom we specially represent are concerned, it does not relieve their burdens a very great deal, and yet I believe that there are certain important reductions which will be beneficial to the country as a whole, and therefore, as we cannot propose our own policy in an amendment, we intend to vote for the budget.

May I add a few general considerations. I believe that to-day we of the Labour group are representing not merely so many hundreds or so many thousands of a particular class, but are representing a new principle in the political life of this country, and that is the principle that we should elevate human rights above property rights. In the past, the polices of the older parties have on the whole been so dominated by what we commonly call the big interests that the ordinary men and the ordinary women across this country have had comparatively little chance. I do not wish to precipitate any general discussion, but I should like to make a reference to the Old Country where things are taking place to-day that are profoundly influencing the thought of the people not only all over Great Britain but in Canada as well. I have no desire whatever to-night to discuss the merits of the great industrial strike that is taking place in Britain, but I would like to take advantage of the attention that is being focussed on that great strike and which is forcing us to think, to consider for a moment some general conditions that exist in this country as well as in Great Britain. One of our local papers, the Ottawa Journal, in its issue of May 7th, said in an editorial headed "Let Canada Keep out of It," dealing with this industrial strike:

> Labour and Farmer organizations in Canada might well refrain from interfering with the strike in Great Britain. The strike is a purely British matter, and a very vital one.
>
> A good rule to follow in such cases is to try to let the people in their own country work out their own destiny in their own way.

I want to congratulate the Ottawa Journal on taking that stand. I think it is very interesting to find that the Journal has put it in that way. I hesitated a great deal to mention this matter until I saw that some Conservative organizations had begun to communicate with Mr. Baldwin in connection with his policies, and I find that certain of our own journals would like to dictate to our citizens as to what action they should privately take on a matter of this kind. It is all very well to let the people in the Old Country settle their own matters in their own way. I tried

to say that in a discussion on imperial relations the other day and I found that there were hon. gentlemen who told me that that was going to disrupt the empire, that we as a Dominion ought to be interested in all that concerned the welfare of the empire. Let the British government settle the industrial dispute by all means, but I would like to ask very frankly: how about the case when some opium dealers want to force the opium trade upon China? How about the case when some diamond capitalists want to force certain policies in South Africa? How about the case when certain cotton growers want to retain certain very important privileges in Egypt? How about the case when certain big oil companies want to get concessions in the Near East? How about the case a few years ago when certain concessionaires wanted to get control in Siberia, when we interfered to the extent of an expenditure of several million dollars? I say that if we propose to apply this rule with regard to one part of the policy of the British Empire, it is well that we should remember that we should apply it with regard to all the policies of the empire. An editorial the next day stated:

> It is, we think, a profound error to regard the present general strike as an ordinary industrial conflict. It is something much more serious.

Agreed, but what is it? Briefly, the coal industry as at present organized cannot provide at the same time profits for its owners and a living wage for the miners. I think that is conceded in almost every editorial that we have had given to us. The owners, on the one side, refuse to reorganize and, on the other hand, they refuse to relinquish their profits. The miners, on their side, refuse to lower their standards of living and demand reorganization of the industry. I refer to this matter simply because the situation in the Old Country puts before us in a dramatic form the struggle that we have the world over and the fundamental cleavage that divides us here in this country when we come to a consideration of our financial affairs.

An hon. gentleman asked me a few moments ago—he is no longer in his seat—how would we deal with the debt? It is taken for granted that the debt is something that is inviolable, even though it has to be paid to Canadians. It is regarded as something we must not touch, that interest upon it is the first charge. It is that position, Mr. Speaker, that I want to take this opportunity to challenge. We say that the rights and the needs of the ordinary people of this country is a first charge on industry, and if there is a conflict between these two, we say that the needs of the men and the women and the children must come first, and I would like to see that general principle translated into our budget statements in the years to come.

Mr. MacLEAN (Prince): Do I understand that the hon. member would favour repudiating the payment of interest on the public debt?

Mr. WOODSWORTH: I said this—I do not know whether the hon. gentleman was here a few moments ago—that the greater part of our public debt was owed to the people in Canada, and I said that at present the payment of the debt and the interest upon it meant that we had to tax the people with families, many of the poor people in this country, to extract from them, by every conceivable device that can be invented by the Minister of Finance, this money to turn it over to a few, many of whom are comparatively wealthy. Would you say that no matter what happens that debt is a prior claim to the needs of those people?

Mr. MacLEAN (Prince): When the money was needed it was very essential that it should come from some source so that the war could be carried on, and I suppose the people who put their money into victory bonds at that time did so in good faith, I would say that the country should stand behind its obligations to these people.

Mr. WOODSWORTH: I would like to call the hon. gentleman's attention to the fact that the war had to be carried on; there was a lot of men needed to carry on that war, and what did the government do? They went into the homes of people all over the country, took out individuals and told them to go to the front, and I urge that if it is right to conscript men, it is right to conscript money. The men were conscripted; the wealth was not conscripted.

Mr. MacLEAN (Prince): I agree with the hon. member there.

Mr. WOODSWORTH: Wealth should have been conscripted, and do you mean to tell me that we have no right to so adjust our taxation that it will bear heavily on those whose wealth should have been conscripted and was not.

Mr. MacLEAN (Prince): It should have been conscripted at that time.

Mr. WOODSWORTH: Do you mean to tell me that we ought to refuse to adjust our taxation so as to bear heavily upon those who have wealth? I would like to think that the

hon. gentleman is a good Liberal. If he were, I think he would be behind me in that. On the whole, the majority, whether on the Liberal or on the Conservative side, are somewhat inclined to regard wealth as sacrosanct, and if there is not enough to go around the interest charges have to be paid whether men and women suffer or not. I am simply going so far as to say that we should provide for the men, and women and children first. Afterwards if there is enough to go round we should attend to the other obligations.

Mr. WARD: Is it not a fact that when the matter was being discussed in parliament Sir Robert Borden made the statement, and gave his word to the labour people and others in Canada, that if conscription of men were forced in Canada wealth would also be conscripted?

Mr. WOODSWORTH: I am not prepared to say whether that statement was made or not. I know there was a very general impression that it would not be the common people that would be loaded down with the war debt after the war was over. There was a general impression, too, that after the war we were going to have a large measure of reconstruction so that the mass of the people would be placed on a different footing.

Let me give this other quotation from the article to which I have referred, because it seems to me to indicate so well the point of view of a large number of people all over the country. Referring again to the situation in Great Britain it says:

> Two governments are functioning in London at the present time. One of these governments which is now acting on the defensive is the politically representative ministry of Premier Stanley Baldwin, and the other is the industrially representative general council of the Trades Union Congress.

I think, Mr. Speaker, the writer should have gone further. He has omitted the most important government of all, the third government. The third government is the financially representative government of the landowners and the bankers which throughout the years has largely dominated the political government of Great Britain. That dominance is challenged. I am not suggesting that the method of making the challenge is a good method, I am not at the moment passing any opinion with regard to that. But I will say that throughout the history of England, and especially in recent years, the financial control has been so great that there has come a shifting of power gradually from the old feudal land owners to those who have control of the financial system of the country. And they have, to no small extent, controlled the policies of parliament and control them to-day; and to-day the labour people—through political action during the last few years, and now through industrial action, whether this is advisedly undertaken or not—are challenging that dominance and are saying in regard to the mines over there that if profits can be paid only by lowering the standards of the people of England, such a condition must not continue; the standards of the people must be maintained even though it means a reorganization of the whole mining industry of the country. That is what lies behind the struggle over there, and that is what we have to consider here in this country.

When we are faced with a budget of this kind and are told that we control less than forty per cent of our expenditures, that the greater part of the taxes we raise are raised by indirect taxation which bears heavily upon the mass of the people, we encounter this very selfsame problem here in this country. Although labour and the farmers are undoubtedly not yet politically strong in Canada, we come challenging the dominance of the financial masters of this country. Members of the older parties have come here from year to year, from decade to decade, and have advocated the policies very largely of the manufacturers, of the big transportation interests, and of the big financial interests. And when anyone dares to question the ideals and policies of these great interests he is ridiculed, and is told that he is talking wildly, or that he is talking all sorts of academic stuff. I want to say that although it may not suit the ideas of certain gentlemen in this House, there is a rising tide of public opinion much along the lines that I have been trying to indicate to-night; and I am quite sure that in the days to come we will find more and more the mass of the people asking questions with reference to the reorganization, or, as it was called in immediate post-war days, the "reconstruction", of our industrial and financial system. If we are to go on year by year with a comparatively small group enjoying the prosperity so glowingly referred to in the Governor General's speech, while a large number of the people are quite unconscious that prosperity has yet arrived, are we not undermining those institutions of parliament which we have said should be supreme? After all in a democratic country parliament has a right to govern only so far as parliament represents the ideals of the masses of the people of that country.

Mr. W. E. TUMMON (South Hastings): Mr. Speaker, not having taken part in any of the debates so far, perhaps I might be permitted to make a few observations at this time. In so doing I do not purpose to detain the House at length.

May I briefly summarize recent events in regard to this government? In his Richmond Hill address of September 7th last year, the Prime Minister complained very bitterly that having only a majority of one, he was unable to successfully carry on, and seemingly intimated that unless he obtained a substantial majority he would resign. The country defeated the Prime Minister and eight of his cabinet ministers, and reduced his following in this House to 101. It also decreased the parliamentary representation of the Progressive party from 65 to 24. On the other hand the Conservative party was returned with 116 supporters, an increase of 69. But the government did not resign. The Prime Minister then said he would call parliament and allow the people's representatives to decide who should carry on. A statement to that effect was issued by the Prime Minister and appeared in the press on November 5 last. Parliament was called on January 7 but not for the purpose indicated. It was called to permit the government, through the Speech from the Throne, to present a programme to this House whereby they hoped to obtain here what the country refused them on October 29th. In the Speech from the Throne the government declared among other things:

> —that in the interest of industrial development every effort should be made to eliminate the element of uncertainty with respect to tariff changes; that changes in the tariff should be made only after the fullest examination of their bearing upon both primary and manufacturing industries and that representations requesting increase or decrease of duties should be made the subject of the most careful investigation and report by a body possessing the necessary qualifications to advise the ministry with respect thereto. A Tariff Advisory Board will accordingly be appointed forthwith.

That was part of the programme upon which this government obtained the necessary votes to permit them to carry on and remain upon the treasury benches. It was thus a surprise to many when the Minister of Finance, in presenting his budget, announced the tariff reduction on automobiles, and only eight days after the Tariff Advisory Board had been appointed. Thus to my mind the situation, is that the government, in order to obtain a majority in the vote on the Speech from the Throne, declared one thing; then, having obtained that majority, proceeded to do another. On the other hand, it has been said that my hon. friends to my left are responsible for the tariff reduction on automobiles. It seems to me that they then, would be in the position of giving their support to the government on one policy, and, having sustained them in power, are demanding another policy. As to who might be responsible I am not concerned. But the result is to have the very opposite effect to that sentence in the Speech from the Throne, which says:

> That in the interests of industrial development every effort should be made to eliminate the element of uncertainty with respect to tariff changes.

Thus instead of tending towards the elimination of uncertainty the course of the government has and is increasing the element of uncertainty that was already prevailing, As to whether or not the automobile industry was enjoying too much protection I am not prepared to say. I do not feel that I am competent to judge. So far as I can see it would perhaps make little difference to manufacturers of automobiles whether they manufactured in Canada or in the United States. I believe the Canadian plants are most all, if not all, branches of American firms. But it would make a great deal of difference to the Dominion of Canada if we should lose that industry, and it does mean much to the thousands of workmen and their families who are dependent upon that industry for a living, many of whom no doubt felt that they were engaged in a legitimate business and that their jobs were secured; and they probably purchased homes and assumed other obligations which to them were comparatively as great as the obligations that the company which employed them assumed in the carrying on of their business. While I recognize, Mr. Speaker, that there may be certain difficulties, yet with all due respect to the time honoured custom of keeping the contents of the budget a secret, not revealing them until their presentation to parliament, and then announcing drastic changes such as the one I have referred to, to take effect immediately, with a resulting tendency to demoralize and disrupt legitimate business and create uncertainty and distrust in the mind of the workman as to his ability to retain his job or to find employment, it seems to me it is wrong and damaging. There were many in Canada who looked forward expectantly to the appointment of a tariff board which they hoped would overcome this difficulty, but their hopes have been shattered when even the government seemingly would not trust its own child. My complaint against this government is that although such a board was created prior to the introduction

of the budget, the government ignored its own creation and failed at the first opportunity to fulfil its promise in the Speech from the Throne, that—

—this board will be expected to make a careful study of the customs tariff, the revenue to be derived therefrom and the effect of the tariff and allied factors on industry and agriculture.

In regard to the income tax I have only one observation to make, and it refers to the proposed increased exemption. I notice that in discussing this tax two or three different expressions have been used. First, it has been said that the increased exemption will be $3,000 for married men; again it has been stated that the exemption will apply to the heads of families, and again that it will apply to householders. Upon reflection it will be seen that each of these phrases means something different. "Married man" may mean just simply what it says—married, perhaps not living with his wife, without a family, house, or anything else, and he would get the benefit of the expression. "Householder" means the owner and holder of a house, but the head of a family would mean the possessor of a home who was maintaining therein a wife or housekeeper, and children of his own or children whom he may be keeping as a matter of charity. As the head of a family he would comply with all the requirements, and I consider the increased exemption should apply to that class. I have now in my mind more than one example, but will just mention one to illustrate the point. A widower had a son who met with an accident and died, the son leaving a wife and three children. The daughter-in-law is the housekeeper for the father-in-law, and the latter is keeping and providing for the daughter-in-law and grandchildren as if they were his own. The father-in-law should therefore be entitled to the exemption. I think the exemption should apply to the head of a family maintaining a home, a wife or housekeeper and any children solely maintained therein by him.

Coming as I do from a district which was a pioneer in the dairy industry in Canada, a district which can not only lay claim to being a pioneer but also to being one of the leading dairy districts of Canada, where every farmer is practically a dairy farmer, it naturally follows that we are intensely interested in anything that relates to that industry. I propose to refer briefly to the Australian and New Zealand treatics. I have listened while the hon. Minister of Finance (Mr. Robb), the hon. Minister of Agriculture (Mr. Motherwell), and I think the hon. Minister of the Interior (Mr. Stewart) quoted the price of butter on the Montreal market during the winter months, for the purpose of showing that notwithstanding these treaties, and the fact that butter was coming into Canada at the time in large quantities, the price of butter in Canada remained at a high figure. I noticed that the ministers confined their quotations largely, if not wholly, to the one market. I submit, Mr. Speaker, that at a time when the home consumption equals or exceeds the home production, no one market or place is a true gauge of the general price of butter in all other places. I have seen in the winter months in my constituency which is fairly compact, comprising a territory perhaps thirty miles long by an average of fifteen or sixteen miles wide, five or six different prices varying from two to sometimes ten cents per pound according to conditions that exist in each small centre and according to supply and demand. I also saw a shipment of foreign butter come into one of those small centres during the past winter, and as a result the price of butter fat to the producer immediately dropped because in every case the foreign product was offered at a less price than that of the home product.

For many years both the federal and provincial departments of Agriculture have been urging increased production upon the dairy farmer. I can well remember a number of years ago the hon. member who sits upon the government side of this House for South Huron (Mr. McMillan) touring our county as a lecturer of the old Farmers' Institute. One of the favourite subjects of those gentlemen in those days was increased production of the dairy cow. Anyone who is at all familiar with the handling of dairy cattle knows that some of the ways in which this can be accomplished is by doing away with the culls, by better care, better feeding and better housing but one of the most effective ways is by increasing the lactation period.

In those days—and I refer to eighteen or twenty years ago—dairying was confined almost wholly to the production of cheese. Cheese factories started operations about May 1 and ceased operations about October 31. The farmer's wife after the closing of the cheese factory was able to dispose, at the local market or at the country store, of a couple of churnings of butter; she would then pack sufficient to keep the family supplied during the winter months, and the cows were allowed to cease milking about December 1.

Going back we find that in 1900 Ontario produced only 7,559,542 pounds of creamery butter. Eighteen years ago there were less than half a dozen creameries between the city

of Toronto and the Ottawa river; there was at that time little encouragement for the farmer to increase the lactation period of his animals because he could not profitably dispose of his product. I can remember when the first can of sweet milk was shipped from the Belleville district, 120 miles east of Toronto, into the city of Toronto. It was shipped about November 1, after the closing of the cheese factory in the fall, and the man who shipped it was looking around for a market whereby he could milk his cattle for a longer period. Other farmers took up the idea; for years thousands of cans of milk went from that district to Toronto, and herds which had previously ceased milking about December 1 were milked on as a rule until the middle or the end of February.

Eventually creameries began to be established in convenient centres and these supplied the very market the farmer required in order to lengthen the milking period of his herd. To-day in that same territory from Toronto to the Ottawa river where eighteen years ago there were only five or six creameries, there are operating to-day seventy-five or eighty creameries, and the production of creamery butter in Ontario for 1925 according to the Dairy and Cold Storage branch was more than 60,000,000 pounds, while Canada as a whole produced in that year 180,663,783 pounds of creamery butter of which she exported 26,646,435 pounds. That does not take into consideration dairy butter and we are told by the Dairy and Cold Storage branch that the manufacture of dairy butter in Canada last year was approximately 100,000,000,- pounds. That makes a total of about 280,- 000,000 pounds of butter of which we exported only 26,646,435 pounds, or in other words, for every pound of butter that we exported last year we consumed in Canada eleven pounds. Where are those who will tell us that the home market does not amount to much?

We are told by officials of the Dairy and Cold Storage branch of the Department of Agriculture:

> There is lots of room for a continued increase in Canadian production of dairy products. The world in the past few years has had an increasing demand for butter and cheese. This is quite marked in Great Britain where as yet our butter sales are only a drop in the bucket. Canadian butter is quoted on the market there for but a few months in the year and our prospects for increased prices would be better could an all-year supply be provided.

It is plain that in a country such as Canada an all-year supply can be provided only by winter dairying. Winter dairying has been steadily increasing as I have endeavoured to show, but it means production under the most difficult and costly conditions and it needs all the encouragement which this or any other government can give it. Yet in face of these things this government enters into treaties with Australia and New Zealand which permit producers of butter and other dairy products, of the Antipodes producing under the most favourable circumstances, to compete in the Canadian market at the very door of the Canadian producers, producing under the most difficult conditions. This has been and is creating in the mind of the dairy farmer the same feeling of uncertainty and instability about his business that this government has succeeded in creating in the commercial and industrial life of this country. It seems to me that if there is anything we in Canada need more than another it is a sound, settled, fiscal policy that will eliminate the uncertainty that seems to exist everywhere and restore stability and confidence at large, a policy that will proclaim not only to Canadians but to people of other nations that Canada will supply as far as possible the wants of Canadians.

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, may I join with others in congratulating the Minister of Finance (Mr. Robb) on the splendid budget he has presented to the House? I believe it has been received by the majority of the people of this country as one of the best budgets that have been presented for a great number of years. It is, I believe, what is commonly called throughout Canada a budget of the common people. It indicates a reduction in taxation which I am sure is very favourably received throughout the Dominion.

The removal of the receipt tax is, I believe, also appreciated, while the removal of the sales tax on many articles is a move in the right direction. Then, on Dominion Day we return to the two-cent postage; and last, but not least, there is the lowering in the income tax. I believe the reduction in the income tax will be of great advantage to great masses of the people. I know that in my own constituency, which is a rural one, this reduction is greatly appreciated, especially among the farmers. As you are no doubt aware, Mr. Speaker, the farmer in western Canada has a great many obstacles to fight, such as drought, hail, rust and frost. Over these things he has no control, so that some years he practically has no returns; and of course when his returns are low he escapes the income tax. On the other hand, when in years of large crops, such as the past year, he reaps a large harvest and receives good prices he naturally has to pay an income tax. I have always

contended that, so far as western Canada was concerned, the income tax was one of the greatest grievances of our farmers. And it is of western Canada that I speak. I have always held that in deciding upon the income tax as it affects the farmer of the west an average should be struck over a period of years. I have heard it thrown across the floor of the House to the Saskatchewan group that while we have the largest per capita wealth of any province of the Dominion we do not pay the highest per capita taxation. This is easily explained: we have no very rich men in Saskatchewan, our wealth being more evenly distributed.

There are better times ahead of us in spite of the blue ruin talk we hear from the other side, and I believe that the western farmer is beginning to get on his feet again. I had the privilege while travelling in western Canada during the recess of talking to one of the inspectors of a large banking concern in that part of the country, and he told me that whereas at the corresponding period last year it required four men to write the agricultural credits from the city of Regina, at the time he was speaking one man could easily do this work. Of course the chief reason is the fact that we have had a large crop and, coupled therewith, good prices. But while this is true, while we have had a splendid crop and good prices, I fancy that the explanation lies in this, that the farmers themselves have at last begun to have some say in the marketing of their produce.

Referring to the marketing situation in western Canada, I should like for a few moments briefly to outline the operation of the wheat pool. I believe that with the operation of the wheat pool and the orderly marketing not only of our wheat, but also of all other grains we shall get all there is in it. We have been accused of establishing the wheat pool with a view to forcing up the prices of wheat, but that is entirely wrong; the pool was organized to control the flow of wheat to the market. In the old days the bulk of our grain was in the hands of speculators, three months after it has been threshed, whereas under the pool we are selling wheat all the time. In this way the market is kept steady, but under the present system the payments are extended over a period of time; we have one initial, and three interim payments, each one coming when the farmer most needs the money. You may ask any banker or mortage or machine company, and they will all tell you the same story, that under this system of marketing the farmer is meeting his obligations better all the time.

10 p.m.

Since coming to this House I have heard a good deal of talk about protecting the farmer. Now we western farmers believe that it is utterly impossible to protect us as wheat growers. We have to the south of us a country which it is agreed is one of the most highly protected nations in the world, and what do we find? I have here a review of an article entitled The Plight of the Farmer. It is taken from The Nation, New York, the author being Mr. Smith W. Brookhart, one of the United States senators for Iowa. Senator Brookhart is of the farmers' bloc and is one of the ablest American Progressives. That is what he has to say:

"In the last five years," he begins by saying, "more than a million farmers have become bankrupt, and the value of farm property has decreased by twenty or twenty-five billions of dollars." Senator Brookhart is speaking of farmers and farm property in the United States. There are many reasons to accept his statement as accurate. Bank failures in the farm states, statistics of rural depopulation and the insistence of farmer politicians on measures of "relief" for agriculture are all evidence that the past few years have seen a decline in the prosperity of American farming.

In the last five years in Canada thousands of farmers have regained financial soundness and the value of farm property has increased by millions.

Senator Brookhart cites some facts which explain this difference. The causes of the farmer's plight, he writes, "lie for the most part in discrimination against agriculture in the laws that have been enacted for the benefit and protection of business." There is, he says, an enormous discrimination against farmers in transportation. They must pay freight to get their products to market. When they buy the things they need, freight is included in the price. The same situation obtains in Canada, but rates on farm products are very much lower here than in the United States.

Another discrimination noted by Senator Brookhart is in tariff legislation. The great manufacturing industries, protected against all competition, fix the price of their product. The price of farm products, on the other hand, is fixed by what can be got for the exportable surplus. The farmer sells in an open market and buys in a closed one. Once again, the position is the same in Canada but the handicap against farmers in the Dominion is not nearly so great.

Senator Brookhart proceeds to suggest a remedy for the farmer's economic distress. His proposals are less interesting to Canadians than the prospect that the plight of agriculture in the United States may drive many American farmers north into this country.

They can buy land much cheaper here than south of the line. With the same amount of work it will produce just as many bushels per acre as land in Minnesota or Kansas. Perhaps it will produce more and the quality of the grain will be superior.

It costs less per acre or per bushel to sow and reap a crop in Canada than in the United States.

I want you to pay particular attention to this:

It costs less to ship grain here. Freight rates are lower now in the Dominion and with the completion of the Hudson Bay railway farmers in the prairie provinces will have open to them the best of all routes from the heart of America to Europe.

All that stands in the way of a land movement northward on this continent is the natural disinclination of settled farmers to migrate.

That is the plight of the highly protected American farmer, and yet hon. members opposite would like to protect the wheat grower of western Canada. I wonder if they ever think of the time during the war when they were on the treasury benches, and the protection they gave to the farmers at that time. I wonder if it was to protect the farmer that they set the price of wheat when it started to go up in 1917, and whether it was to protect the farmer after the war, when prices started to tumble, that they ceased to control the market. These are questions which quite naturally arise in the minds of practical farmers.

That brings me to another phase of agriculture which I would like to bring to the attention of the House, and that is the cattle industry. I must congratulate the hon. member for Marquette (Mr. Mullins) for the persistency with which he has kept this question before the House. I do not think any line of agriculture has suffered more since the war than has the cattle industry. We all remember that in 1917 and 1918 we were being advised to go into the cattle business; credit was easy, and the bankers were advising the farmers to borrow money and buy cattle. Many of us did so; cows were bought at from $100 to $150 per head in 1917, and by 1920 the price had fallen to $35 per head; thousands of farmers were ruined. These are plain facts, as every farmer in this House knows, and it is for these men I desire to plead. What we need most is markets, and this is where I do not quite agree with the hon. member for Marquette. I have here an article taken from the Farm and Ranch Review of December 10, 1925. As I remember the words of the hon. member for Marquette, on the two or three occasions when we dealt with the cattle industry, he was somewhat opposed to the development of the market in the United States, and on that point I wish to take issue with him.

Mr. MULLINS: May I ask a question?

Mr. VALLANCE: You certainly may.

Mr. MULLINS: On no occasion in the House did I oppose the opening of the American market for large cattle, but I did oppose the shipping to the United States of immature cattle, and still do so.

Mr. VALLANCE: No one in this House knows the extent of the Old Country market better than I do. I lived there until I was twenty-one years of age, and I know the type of cattle the Old Country feeder wants. There are many years in western Canada when we have thousands of cattle which would not pay for shipment to even Winnipeg, and it is almost impossible to find a market in the Old Country for such cattle. I think it was Shakespeare who said:

> There is a tide in the affairs of men,
> Which, taken at the flood, leads on to fortune.

I believe our tide has now arrived, and it is up to this government and the people of this country to do whatever can be done to remove this injustice and allow our cattle to enter the United States market. The article says:

> The psychological moment has arrived when we can appeal to Washington with arguments of commercial self-interest. An enormous corn crop has been harvested in the middle west this year. Carter Field, in the New York Herald-Tribune, sizes up the situation as follows:
>
> "With a three-billion-bushel corn crop being dumped on a market which had been expecting to absorb a two-and-a-half-billion-bushel crop, and with the price of corn on the farm as a result reduced to fifty cents a bushel, President Coolidge has sent two experts to the middle west to see what can be done to save the situation."

Later the article goes on to say:

> "The chief trouble is that the corn raisers of this country have piled up a crop estimated at 3,000,000,000 bushels, as against a crop last year of slightly less than 2,500,000,000 bushels. This 20 per cent increase of production naturally would have a tremendously depressing effect on the price, even if there were no other complications.
>
> "Added to this, it is pointed out, is the fact that the number of feeders is much smaller than expected and consequently there is not the normal supply of cattle and hogs which can be fattened on corn..
>
> "The third factor in depressing the price is the fact that the farmers never have fully recovered from the hard times which followed the war. As a result they are not able financially to hold their corn until the natural demand for it increases, but feel obliged to dump it on the market regardless of what they get for it.
>
> "So corn, which they claim cost seventy-five cents a bushel to produce, is being sold on the farms at fifty cents a bushel."
>
> We are told here that one of the difficulties facing the middle west feeder in disposing of his present unprofitable corn crop is that he has not available the normal volume of feeder cattle to enable him to turn his cheap corn into beef. On this point, the Kansas City Star says:
>
> "More than 80 per cent of the corn raised on the farm is marketed on the hoof. The farmer who has plenty of animals on his place feeds his corn to his cattle and hogs. So the price doesn't so much matter. He sells his corn, not as corn, but as beef and pork. So long as he gets a fair price for his finished product, he doesn't worry over the cheapness of the raw material that goes to making that product. It is when a farmer has to buy high-priced corn to feed low-priced animals that he is in trouble."

Canada is irrevocably wedded to a live cattle export trade, and deprived of the United States market we cannot succeed. This is the unvarnished truth. I can readily see, Mr. Speaker, why the hon. member for Marquette would not be in favour of shipping

these live cattle to the United States. He and I differ somewhat, I as a breeder and he as a feeder. Towards the end of July and August, if one of those dry summers which quite frequently comes to the west, is prevalent, pasture gets scarce and we naturally have to get rid of a certain percentage of our cattle. It is then that such men as the hon. member for Marquette step up on the Winnipeg market and buy these cattle for what they care to pay. If I were at home I believe I could show a cheque for $1 from a commission house in Winnipeg, for a cattle beast; they will not even pay the freight. Not only do they get cattle at their own prices on the Winnipeg market, but they hold them until we start to ship out our wheat, and with the wheat, we ship the feed with which they fatten these cattle. We even have to pay the freight. We have in that western country one of the greatest cattle raising areas under the sun. The grass that grows there can bring cattle into the very best feeder condition. All we need is more and wider markets, and I believe the market to the south of us is the best market we can have for this class of cattle. I leave this subject, Mr. Speaker, for the consideration of the House, and I hope that when the resolution of the hon. member for Macleod (Mr. Coote) comes up asking for a special committee to examine into the whole cattle industry in this country, these conditions I have pointed out will not be overlooked.

They talk about protecting the farmer. I would like to cite a few figures showing just what real protection the American farmer gets with his 42 cents tariff on wheat. In the crop year of 1924-25 there was a tariff of 42 cents on Canadian wheat going into the United States. Yet from August of 1924 until July of 1925 we had a higher average price in Canada. The average price at Winnipeg during that period was 1,685, and at Minneapolis for the same period, 1,675. Yet they tell us they would protect the farmer by a tariff! These figures prove that any commodity of which you have an exportable surplus cannot be protected, and you must take the price on the world's market.

I notice that quite a number of hon. members opposite from eastern Canada have been advising us westerners to quit growing wheat; for instance, the hon. member for East Algoma (Mr. Nicholson) and the hon. member for Toronto Northeast (Mr. Baker). Mr. Speaker, I have been growing wheat in Saskatchewan for the last twenty years, and like the hon. member for Willow Bunch (Mr. Donnelly) who sits behind me, I have never grown it when I could not sell it. I have here figures showing the amount that has been exported each year since 1914, and they show what that western country can do:

Year	Average Price No. 1 Northern at Fort William (Calendar year)	Exports Fiscal Years Bushels
1914..	1.001	120,426,579
1915..	1.282	71,913,385
1916..	1.381	157,745,469
1917..	2.202	189,643,846
1918..	2.223	150,392,037
1919..	2.371	41,808,897
1920..	2.511	77,978,037
1921..	1.649	129,215,157
1922..	1.235	136,489,238
1923..	1.084	215,074,566
1924..	1.274	256,870,237
1925..	1.643	191,764,537
1926..	1.459*	249,583,470

*Average for 3 months.

Mr. WARD: Those figures are for Saskatchewan alone?

Mr. VALLANCE: I secured them from the Bureau of Statistics the other day and along with these they gave me the average price of No. 1 Northern at Fort William. In 1926 the average price for the three months was 1.459. In 1925-26 we marketed one of the largest crops we ever had, and we received a price equal to that received during some of the war years and a great deal higher price than in the years previous to the war. I believe, Mr. Speaker, that one of the most important factors, if not the most important, in bringing this about is the wheat pool.

I do not know whether it would be wise for me to deal with one or two things regarding the tariff, but I might say that when the tariff commission toured the country in 1920 the manufacturers' association presented a petition to the commission which contained these words:

> The test of the efficiency of fiscal system is the country's all-round development. The best way to tell whether or not Canada has prospered under the policy of adequate protection is to study the statistics and see how the country has developed since 1878.

Let us do that; it may be possible to show that this country does better while it is being ruined by low tariffs than when it is being pampered by high prices. Let me give a few figures regarding the total trade of Canada, as follows:

Total Trade of Canada

	Exports and Imports	Increase
1878..	$ 119,791,879	
1896..	221,675,704	$101,883,825
1911..	742,724,813	521,049,109
1914..	1,074,631,222	331,906,409
1922..	1,501,731,341	427,100,119
1925..	1,887,356,445	385,625,104

Hon. members will note that the trade of Canada goes forward under the firm business administration of the present government.

They will also note that under the National Policy, full blown and virgin as it was from 1878 to 1896, Canada almost stood still.

The protectionist judges progress by the increase in exports, that is his test. He wants to restrict imports. As I heard it put the other day, the protectionist is like an individual who is seasick—everything going out and nothing coming in. Let us apply that test. Here are the figures of our exports taken from the trade report of Canada for the year 1925:

Exports Canada

1878..	$ 79,154,678
1896..	116,314,543
1911..	290,000,210
1922..	753,927,009
1925..	1,081,361,643

The biggest three year gain in exports in all the history of Canada was made in the last few years. In fact, it may be questioned if ever in the history of the world so great a gain was made by the same number of people in the same time. Part of this change is due to prices. Liberals are not inclined to take unfair advantage in a matter of this kind. However, we can show the position more clearly by comparing Canada's position with that of other countries. I have here a comparison of the trade of the nineteen principal countries of the world, which with the permission of the House, I will put on Hansard:

COMPARISON OF THE TRADE OF THE PRINCIPAL COUNTRIES OF THE WORLD
(Years ended December 31, 1913 and 1924)

Countries	Foreign Trade (Merchandise only)				Increase (+) Decrease (−) 1923 compared with 1913		Trade per Capita			
	Net Imports for Consumption		Exports (Domestic)				Imports		Exports	
	1913	1924	1913	1924	Imports	Exports	1913	1924	1913	1924
	$	$	$	$	%	%	$	$	$	$
Argentina	406,605,000	799,705,000	465,582,000	975,996,000	(+) 96·7	(+) 109·6	46·74	79·24	53·61	99·19
Australia	370,624,000	635,741,000	354,002,000	602,645,000	(+) 71·5	(+) 70·2	78·30	109·53	74·78	103·83
Belgium	894,865,000	826,554,000	701,475,000	653,095,000	(−) 7·6	(−) 6·9	118·07	108·67	92·55	85·87
Brazil	325,981,000	314,225,000	314,732,000	431,173,000	(−) 3·8	(+) 37·0	13·41	10·26	12·94	14·07
British India	594,121,000	766,687,000	781,947,000	1,204,313,000	(+) 29·1	(+) 54·0	1·88	2·40	2·48	3·77
Canada	659,064,000	795,621,000	436,218,000	1,058,058,000	(+) 20·7	(+) 142·6	87·55	86·23	57·95	114·67
Denmark	208,349,000	367,419,000	170,811,000	329,892,000	(+) 76·3	(+) 93·1	75·08	109·61	61·55	98·41
France	1,625,317,000	2,134,250,000	1,327,882,000	2,204,531,000	(+) 31·3	(+) 66·0	41·04	54·43	33·53	56·23
Germany	2,563,331,000	2,174,144,000	2,402,967,000	1,554,954,000	(−) 15·2	(−) 35·3	38·62	36·32	36·22	25·98
Italy	703,608,000	851,098,000	484,746,000	629,193,000	(+) 20·9	(+) 29·8	20·28	21·92	13·97	16·20
Japan	363,257,000	1,007,358,000	313,054,000	738,628,000	(+) 177·3	(+) 135·6	6·94	17·23	5·99	12·63
Netherlands	1,575,036,000	914,451,000	1,239,368,000	642,508,000	(−) 41·9	(−) 47·3	256·35	128·13	201·71	89·25
New Zealand	104,101,000	214,287,000	102,123,000	229,298,000	(+) 105·8	(+) 124·6	98·89	158·72	97·01	169·85
Spain	252,069,000	729,205,000	204,123,000	381,355,000	(+) 189·2	(+) 86·8	12·64	33·44	10·23	17·49
Sweden	226,872,000	374,375,000	219,049,000	334,295,000	(+) 65,0	(+) 52·6	40·44	62·33	39·05	55·66
Switzerland	370,525,000	478,402,000	265,645,000	381,981,000	(+) 29·1	(+) 43·8	97·99	122·95	70·25	98·17
Union of South Africa	196,516,000	284,399,000	133,970,000	348,499,000	(+) 44·7	(+) 160·3	28·72	40·31	19·58	49·39
United Kingdom	3,207,951,000	5,094,441,000	2,556,234,000	3,555,282,000	(+) 58·8	(+) 39·1	69·68	114·26	55·52	79·74
United States	1,756,863,000	3,552,494,000	2,448,284,000	4,542,727,000	(+) 102·2	(+) 85·5	18·10	31·63	25·23	40·45

That brings me, Mr. Speaker, to a very interesting point. We hear a great deal nowadays about Canada exporting her raw materials. One would imagine that we were the only country in the world that exported raw materials. But let us look at the United States for a moment. The report of the United States Department of Trade and Commerce for 1924 gives the following details of exports by that country:

Raw materials..	$1,302,452,932
Foodstuffs in crude state..	203,348,604
Foodstuffs partly manufactured.. ..	561,801,130
Goods partly manufactured..	595,636,779
Manufactured goods..	1,554,472,575

The United States exports tremendous quantities of raw cotton, but I have never heard the imposition of an export duty on raw cotton suggested. Still, the imposition of an export duty on wheat has been frequently urged on this side of the line.

Now, Mr. Speaker, I should like to say a few words in regard to the duty on automobiles. I expressed my views on this subject on a former occasion when a resolution advocating a reduction in the duty was being considered. But I received a letter the other day, and I thought that if I had the privilege of speaking during the present debate I would bring it to the attention of the House. There are still in western Canada a great many outlying districts remote from railway communication, and the letter in question ilustrates the difficulties from which the settlers in such districts suffer. The letter is as follows:

DEAR SIR:

The Big Gully Development Association present compliments, and beg your interest in the urging of the building of a branch railway line between the north Saskatchewan river and the Big Gully creek.

Many of us have spent almost twenty years in opening up this district and establishing homes, and are still upwards of thirty miles from a railway, which means that practically one-third of our working time is spent on the winter trails.

When we settled in this place it was with the distinct understanding that a line would be built long before this.

At the time that the average citizen is closing up his business for the day, we start out on the twenty-five mile return trip through the darkness and western cold, which has to be experienced to be understood. This travelling over the everlasting trails is not profitable to us, nor to the country, neither does it become more pleasant with the passing years.

We respectively request your influence with the powers that be to see that this heavy and unfair burden is lifted in the near future.

It is of people such as the writer of the foregoing letter that I am thinking in connection with the duty on automobiles. I doubt whether many of them have reached the state of affluence that would permit them to buy an automobile, but if it is at all within their power it would prove an immense boon to them. They would be able to transport their wheat by motor truck instead of hauling it long distances by team. It has been figured that we can farm at a distance of twenty-five miles from the railway if we can have the use of a motor truck. The average one-ton truck will travel at the rate of twenty miles an hour but even if it did not cover more than fifteen miles, it would be a great convenience to people who live at such a distance from the shipping point as I have indicated. There are in Saskatchewan many districts such as the writer of the letter indicates. It is of people so circumstanced that the average Saskatchewan member thinks when the duty on automobiles comes up for consideration rather than of persons engaged in the industry, more especially when we consider the enormous profits the industry has yielded to the manufacturers.

I do not wish to occupy any more of the time of the House, but in closing I desire to say this: In spite of all the blue ruin talk from hon. gentlemen opposite the facts disclose that Canada has prospered under the present government. With a budget of the kind brought down on April 15 last, coupled with the legislative programme submitted for our approval, there is not much danger but that Canada will continue to forge ahead and enjoy even better times in the future.

Mr. THOMAS HAY (Springfield): Mr. Speaker, it is not my intention to occupy very much of the time of the House to-night, but I feel it incumbent upon me to make a few remarks upon the budget, and also to deal briefly with some of the problems which are confronting the country at the present time.

At the outset may I be allowed to refer to the speech of the hon. member for Winnipeg North Centre (Mr. Woodsworth) in which he spoke of the delegation which waited on the government some two weeks ago with regard to the cut in the duty on automobiles. The hon. gentleman stated that the members of that delegation did not represent organized labour, in fact, to use his own words, that the large delegation had been marshalled by the employers in the towns from which the representatives came. I believe the large delegation in question represents labour more truly than does the hon. gentleman himself. They represented the 25,000 people engaged in the automobile industries in Canada, and the 100,000 women and children dependent upon those industries. In corroboration of that statement I will read from the Labour Leader, Canada's national labour weekly, published in Toronto,

and dated April 23rd, 1926, an appeal to the members of the House of Commons to the following effect:

An appeal to the members of the House of Commons of Canada.

Representing, as you do, the citizens of this great Dominion, the Labour Leader on behalf of the men who work in the Canadian automobile factories and the various factories that make parts and accessories, numbering about twenty-five thousand, with about one hundred thousand women and children dependent upon them, earnestly request you to refer the clause in the budget that deals with the tariff on motor cars to the new tariff commission, so that these workers may have an opportunity of placing their views before them. Gentlemen, forget your political parties, and lend a hand to these hardworking toilers.

There is another article along the same line in the Labour Leader but I will not take up time by reading it at present. Yet in the face of articles of that kind, coming from the official organ of the Labour party in Canada, the hon. gentleman in question has the temerity to stand up here and say those people did not represent organized labour.

I desire to refer to some remarks made by the hon. member for Lisgar (Mr. Brown) when he was speaking on the budget a few days ago. The hon. member tried to intimidate some of the hon. members from Manitoba on the matter of their vote on the budget. He said that we would be watched closely and that he and his colleagues would make it a point to inform the electors of our respective constituencies as to how we voted on the present budget. In reply to the hon. member I wish to say that, so far as I am concerned, he can go out into the highways and byways in my constituency and tell the people all he knows in connection with this matter. He can tell them how I voted and what my attitude towards the tariff is. I fancy the hon. member will be kept fairly busy in his own constituency in explaining some things. The hon. member for Brandon (Mr. Forke) a short time ago gave an interview to a Star reporter in Toronto, and I desire to place the report of that interview on Hansard, because I want the people of my constituency at any rate and the people of western Canada to know where that hon. member stands. The interview reads:

"After all," said Mr. Forke, "Progressives are simply Liberals in action. I believe Mr. King is a Liberal. When I say that, I mean a real Liberal."

And then it goes on to say further:

Mr. Forke denies the stories about wielding the big stick over Mr. King. "There's nothing in it" he said. "I think we're learning by bitter experience that the Progressives can't be as independent as we should like to be.

He practically renounced his independence

Mr. FORKE: Might I inform my hon. friend that I publicly denied that statement in the press, and the press have never seen fit to make any reply to my repudiation of it?

Mr. HAY: The report proceeds:

He further stated—

I do not know whether he will deny this or not.

—that he did not expect to see any of the members back from Manitoba after the next general election.

Mr. FORKE: I have repeated that statement often.

Mr. HAY: The hon. member is reported to have made the statement that the Progressives cannot be as independent as they would like to be, and I know that the statement is going out to the country. If he did make such a statement it will do much to defeat him and his followers in the next election campaign. He denies that he said that they could not be as independent as they would like to be. The hon. member denies that I suppose.

Mr. FORKE: I have publicly denied that statement printed by the Toronto Telegram.

Mr. HAY: I refer to an interview in the Toronto Star.

Mr. FORKE: I never gave that interview. I do not know anything about the Toronto Star statement, because I never met the Toronto Star man at all.

Mr. HAY: That is taken from the Toronto Star. I do not know whether that is the paper to which you refer.

Mr. FORKE: I think the statement in the Toronto Telegram was reprinted in the Star.

Mr. HAY: I cannot vouch for the truth of it, but if there is any truth in it I think it would come as a rude shock to his supporters in Brandon, because I know that the hon. member has in season and out of season declared in western Canada that he would retain his independence, and that his party would also retain their independence in the House.

Before proceeding further, I should like to refer to an article which appeared in the Manitoba Free Press on April 3, 1926, entitled "Manitoba M P.'s and Protection." The article says in part:

In the last election six Conservatives were returned from Manitoba, and having regard to the traditional views of that province on the tariff, it was thought that with the exception of the Right Hon. Arthur Meighen they would act as a brake on the wheel of the Conservative protectionist chariot.

Then it goes on to say:

> Careful reading of Hansard will show that all of the Manitoba Conservatives have defined their positions with the exception of Thomas Hay of Springfield, and T. G. Murphy of Neepawa, who have bravely declined so far all opportunities to speak, and who are indeed the only bushel covered lights remaining in the opposition so far.

In reply to that article I have only this to say, that so far as the principle of protection is concerned I believe in it. I am a protectionist and believe that protection is the only policy that will make Canada a prosperous country. Whilst almost every other country in the civilized world to-day is raising her tariff and protecting the industries and the home market, some Canadians are the only ones to-day who are preaching free trade in the face of what is happening in the world, and I cannot understand how the doctrine of free trade can be preached when all other countries are preaching and practising protection. The Free Press need have no doubts as to where I stand so far as protection is concerned. I believe in a protective policy and I preached that policy from every platform in my constituency during the last campaign. I believe in a policy of protection that will, first of all, protect our Canadian industries, that will protect our Canadian workingman, that will protect their jobs and protect our natural resources; a policy of protection that will protect the Canadian farmer as well and protect and build up his home market.

I wish to refer to a speech made by the hon. member for Rosetown (Mr. Evans) during the debate on the Address in reply to the Speech from the Throne. That hon. member declared himself to be a free trader. Mr. Michael Clark was accounted as the apostle of free trade in this country for some years; his mantle must have fallen upon the shoulders of the hon. member for Rosetown. That hon. member is a reformer, and I believe a reformer of the destructive type, as I will try to show in the course of my remarks. Some hon. members on my extreme left laugh, but I think after I get through they will conclude that I am absolutely correct in what I say. That remark applies to the hon. member for Lisgar (Mr. Brown), the hon. member for Brandon (Mr. Forke), the hon. member for Winnipeg North Centre (Mr. Woodsworth), the hon. member for North Winnipeg (Mr. Heaps), the hon. member for Southeast Grey (Miss Macphail). I think these hon. members can all be included in the one class.

The hon. member for Rosetown (Mr. Evans), speaking on the tariff during the debate on the Address in reply to the Speech from the Throne, said that he believed in free trade. He said further at that time, speaking of our industrial institutions, that they were built up on hothouse methods and that they must be destroyed, put out of the way. Consequently, I say that the hon. member is of the destructive type, the Carrie Nation type, if I may use the expression. Carrie Nation flourished in the United States a few years ago as a reformer, a reformer too of the destructive type. She used to sally forth with her little axe and destroy everything that came in her way. As regards the hon. member for Rosetown and the others whom I have mentioned, while their little tomahawks are not much in evidence at the present time, I feel that if their policies were put into effect they would be more destructive than Carrie Nation's little axe.

I should like to refer to a speech made by the hon. member for St. Boniface (Mr. Howden) who I am glad is in his seat. It was the hon. member's maiden speech in this House, and while it was well and forcibly delivered I for one cannot agree, and I am sure very few members on this side of the House will agree, with the conclusions arrived at by that hon. gentleman. Speaking of the tariff he said that if it so happened that during the night all the industries from one end of Canada to the other were wiped out of existence, while the country would receive a very rude shock it would eventually recover from that shock and the people engaged in those industries would eventually drift to the land and become producers. That has not been the experience of the Canadian people during the last four years.

Mr. HOWDEN: That is hardly a correct statement. I said that those who had been engaged in industrial operations would probably find their way to the land or to other places.

Mr. STEWART (Leeds)): To the United States principally.

Mr. HOWDEN: Yes.

Mr. HAY: To the land. I say that that has not been the experience of the Canadian people during the last four years, because we find that those who have been engaged in our industries, when those industries have been closed or forced out of existence by the policy of the government opposite, have drifted over the border into the United States. The hon. gentleman went on to say that this would not affect the farmers. I do not want the hon. gentleman to misunderstand me; this is what he said in effect, if not in so many words. He

said that the farmers would continue raising their crops and selling them in the markets of the world. That might apply with some force to the producer of wheat or other grain because, on account of the splendid quality of the wheat that we raise in Canada, it has always been possible up to the present to find a market for it in the markets of the world. But the day is coming when it will perhaps not be possible to market all our wheat abroad because other countries are fast increasing their production and coming into the market as our competitors. Consequently we must realize that our home market is of some value.

Mr. HOWDEN: Does the hon. gentleman not know that there is always a market for the best article on the market?

Mr. HAY: I say that the hon. gentleman's remarks might apply to producers of wheat and other grain, but he must bear in mind the fact that many hundreds and thousands of people in the Dominion of Canada are to-day engaged in other lines of agriculture such as market gardening, dairying, poultry raising and so on.

Mr. HOWDEN: Would the hon. gentleman not say that our dairy products find their way to the markets of the world?

Mr. HAY: Very little. I believe the statement made by the Minister of Agriculture (Mr. Motherwell) with regard to butter was that out of 275,000,000 pounds produced by Canadian producers only 25,000,000 pounds found a market abroad.

Mr. HOWDEN: What happened to the rest?

Mr. HAY: I will refer to that later during my address. As I say, while the hon. member's statement might apply to those who are engaged in raising wheat, the other people to whom I referred a moment ago—gardeners, truck farmers, dairy producers and poultry raisers—must depend daily on the home market. They place their goods on that market daily and if we do anything to injure or destroy that market, we shall put that class of people practically out of business. Our hon. friends opposite lose sight of the value of the home market; they forget that there is a value in the home market.

Mr. HOWDEN: Does the hon. gentleman think Canada as a whole would suffer very greatly if those people were put out of business?

Mr. HAY: I would indeed. I want to make another prediction and say to the hon. member for St. Boniface that during the recess of parliament following prorogation he will not go back to the rural district of St. Boniface and make that same speech. If he does, I want to be there to hear it and see the reception he gets.

Mr. HOWDEN: The hon. member will certainly get an invitation.

Mr. HAY: I desire to quote from a letter which I received from a gentleman who lives just adjoining the constituency of the hon. member for St. Boniface. He is an old-timer, a descendant of one of the original settlers. He is a man of wide experience who, I think, is well known to the hon. member. This is what he has to say regarding this matter:

> If an opportunity affords you in the House our gardeners need protection from especially the early stuff being dumped from the United States so that when our products are ready the price is down to nothing.

Then he says further:

> It was one of our members who won a prize at the Royal show, Toronto, last fall with his collection of vegetables.

That is a pretty good recommendation for ths gardeners of Manitoba.

The Progressive party, in advocating certain policies which they have been advocating ever since they first came into this House as a group, such as the policy of free trade and the cutting off of the duty on all agricultural implements, or implements of production, as they generally term it, are in my opinion rather narrow in their outlook. They are somewhat restricted in their vision in advocating such a policy. I suppose they are sincere in their beliefs, and they seem to think that if the policy they propose were put into effect they would be able to buy binders, mowers, ploughs and other agricultural implements cheaper than they can get them to-day. They remind me of the story I used to read as a schoolboy, of the dog which while crossing the brook with a bone in his mouth snatched at the reflection in the water, mistaking it for another and better bone than the one he had. He lost the one he had and found that there was no other. Hon. gentlemen put me in mind of that fable: they are quite ready to grasp at the shadow, taking a chance on losing the substance. They are willing, indeed, to sacrifice other industries in order to advance the interests of their own, failing to see the fallacy that underlies such a policy. That is not a national policy; it is not a policy that should commend itself to the people of the country. In my opinion

it is a policy which the Canadian people when they have an opportunity will reject.

With regard to the budget and the speech of the Minister of Finance in introducing it, I have no doubt that when placing his annual statement before parliament he really felt that he was offering something that would be satisfactory to the people at large. It seems to me, however, that after it has been analysed and carefully looked into the budget as a whole will not appeal to the people. They will not be quite so enthusiastic about it as the minister and the government evidently assume. It is not such a budget as will appeal to the common people, the labourers of Canada; it will to a greater extent affect the people of means. It may take from such people something more in the way of income tax, and I have no objection to that, because in my opinion no man with an income of $5,000 or $10,000 should be reluctant to pay a fair share of taxation. But so far as the poor man is concerned, the budget offers no great relief. The present proposals will not tend to any great extent to relieve the poor people of Canada of the burdens which they are bearing to-day, so that when the government refers to it as the poor man's budget they are misapplying that term. We must however give the Minister of Finance credit for candour in presenting his statement. I admire the rugged honesty he showed in informing the House at the outset that the reason he was able to submit to the people what he considered a satisfactory budget—and he made no bones about it—was because bountiful nature had blessed us with a good crop during the past year. He is quite right in that. It is not by reason of any policy of the government that we are enjoying some measure of prosperity to-day; it is simply because bountiful nature has been kind to us.

When the minister speaks of the prosperity which prevails just now, I want to refer him to an item of news which appeared in the Ottawa Journal some time ago. No doubt he will discount it, seeing the source from which I take it. However, the article in question refers to a statement made by a labour delegate at a meeting held in the city of Ottawa on February 20, I be-

11 p.m. lieve—the date does not appear —to the effect that there were in Ottawa at that time over 6,000 men out of employment and that their families were practically facing starvation. Now, I would ask the Minister of Finance whether there is any use in any government or any set of men telling the country that we are prosperous while such a condition of affairs exists.

[Mr. Hay.]

Could the Minister of Finance possibly convince any one of those 6,000 men that conditions to-day are prosperous? Could he make any one of the hundred thousand men who are out of employment throughout Canada at the present time believe that general prosperity prevails? I say, while he may be sincere he is beside the mark in stating that this Dominion as a whole is prosperous. I appreciate the fact that a measure of prosperity does exist in certain districts, and particularly among the market gardeners and farmers, the men who, my hon. friend from St. Boniface says, would not be hurt if they were deprived of the home market. It is useless to talk about prosperity under present conditions. I certainly do believe that we are on the eve of a great era of progress if only we can secure a sound policy under stable government. There is nothing that could stop us unless it were an unstable policy such as the policy now in force, which is undermining public confidence in our institutions and in representative government. Here we have supposed representatives of the people promising at one time to stabilize conditions, and at another, without any warning, introducing such changes as will throw thousands of men out of employment.

I want to refer for a moment or two to some remarks made by the Minister of Agriculture (Mr. Motherwell) during the debate that occurred on the Australian treaty, as well as during the discussion of other treaties consummated by this government. During the consideration of the Australian treaty protests came in, I think I am safe in saying, from every province in the Dominion, against the unfair competition to which our people would be submitted in consequence of that and other treaties entered into by this government. One or two of those protests I wish to read to the Minister of Agriculture for his information, because at the time, in my opinion, he treated them very lightly. I have a quotation here from Three Rivers, Quebec, dated February 26, 1926, in connection with which I would like to make some remarks. It says:

> A plea for adequate protection for Canadian butter against foreign competition was made this evening by Frank Byrne, of Charlesbourg, first vice-president of the General Breeders' Association of Quebec, at the closing meeting of its thirty-fourth convention.
>
> "If we could produce 15,000,000 pounds of butter more annually," said Mr. Byrne, "we could sell them, but a difficulty arises in the way of success. Other countries threaten to sell their butter here. We ought to hit foreign butter as hard as foreign countries hit our butter. Duties as high as those established by foreign countries ought to be imposed here, and I hope that the government will see to it."

That is one of the protests which came to the Minister of Agriculture during the discussion of these treaties. With reference to this particular article I would like to say that these people who met in convention in Three Rivers must have represented the Conservative party very largely, because it will be noticed that in the resolution passed by that convention the brick for brick policy denounced by hon. members opposite is advocated. That is the tariff which the Conservative party has been advocating, so far as it relates to the products of the Canadian farmer, and that is the tariff which those people believe in. When our friends opposite from Quebec try to show by figures that the vote on October 29 last throughout Canada was in some respects favourable to the Liberal party, I want to tell them that the vote in Quebec must have been largely for the policy indicated by this article, the policy advocated by the Conservative party in Canada. We can take no other meaning from the article I have just read.

We had other protests from the provinces of Saskatchewan, Alberta, and particularly from British Columbia. In Manitoba also a resolution was passed somewhat similar to the one passed in Quebec, reading as follows:

> That the National Dairy Council appoint a committee to wait on the federal government to urge adjustment of the Australian treaty.

When these protests were coming from all quarters and from almost every province in the Dominion, the Minister of Agriculture insulted the dairying interests by his attitude at that time with respect to their protests; his language was an insult to the dairying interests of Manitoba. When these protests were coming in the minister said that if the dairying interests of Canada would devote more time to improving the quality of their butter rather than to making protests against trade treaties between Canada and Australia, they would do more good. Our butter has a reputation on the markets of the world for quality, Mr. Speaker, and when the hon. minister makes that statement he is unfair to the dairying interests of the Dominion of Canada.

Mr. MOTHERWELL: I think my hon. friend is not quite fair. Surely I did not put it in just that way. Has my hon. friend the statement?

Mr. HAY: The minister went further, and belittled the dairying interests of this country.

Mr. MOTHERWELL: Oh no; my hon. friend goes too far.

Mr. HAY: He even went so far as to insult the good old Canadian dairy cow as well. He said that the unit of production was the dairy cow, and that if we wished to compete successfully with other countries we must improve the productivity of the dairy cow. In my opinion—and I know something of farming and of cows—the good old Canadian dairy cow has been doing her duty by the people of Canada for many years, but I fail to see that the Minister of Agriculture is doing his duty by the Canadian dairy cow.

Mr. MOTHERWELL: Does the hon. gentleman know the production of milk per cow in Canada?

Mr. HAY: I say the minister is not doing his duty by the Canadian dairy cow, because he is placing her up against an unfair competition from outside sources; he is placing her up against competition that she cannot successfully meet. At a time of the year when our dairy cattle are being housed, with dry feed, it is impossible to meet the competition of the Australian or New Zealand dairy cow which, at that season of the year, is out on the green pasture; when her flow of milk is greater than the flow of milk from the Canadian cow at that season. When the minister speaks of improving the quality of Canadian butter, I want to refer him to a letter received from the External Trade branch of the Dominion Bureau of Statistics, dated February 10, 1926. In response to a request for information from this department in connection with the Manitoba dairying interests I received this reply, which is headed, "Dairying in Manitoba." I will only read part of the letter, as I do not wish to take up too much of the time of the House:

> Three hundred and fifteen carloads of creamery butter was shipped out of the province of Manitoba last year, or a total of 126,000 fifty-six pound boxes, totalling 7,056,000 pounds valued at $2,416,680. The most of this butter was shipped direct to the British market during the summer months of heavy production, and when the butter was fresh and in the best condition. Manitoba butter has given excellent satisfaction on the British market.

That was from Manitoba alone, a province only in its infancy as regards dairying. Then the letter goes on to state that most of this butter was shipped direct to the British market, during the summer months of heavy production, and that it had given excellent satisfaction there.

It will be seen from that letter that our Canadian creamery butter, particularly, has a

very high reputation for quality in the markets of the world, and consequently I think it ill becomes the Minister of Agriculture to belittle the quality of that butter.

I should like to give a quotation as to the effect of the Australian trade treaty on the butter situation in Canada. I am sorry that my friends of the Progressive party have deserted the chamber. I was going to say to them that if the statements attributed to the hon. member for Brandon in the interview which he denies were true, they could no longer be called Progressives. I think the term applied to them, and which they resented very much some years ago, could truthfully be applied to them at this time if the statements credited to the hon. member for Brandon were correct; and that term was that the Progressives were but a dilapidated annex of the Liberal party.

I will now give the quotation from the Scoop Shovel, in its issue of April, 1296. This publication is the official organ of the Manitoba Co-operative Wheat Producers Limited and of the Manitoba Pool, and is published in Winnipeg. It says:

> Prices of dairy products for the past few months have been very remunerative to the producers, but we are reaching a stage where we must be prepared to accept lower prices on account of importations of Australian and New Zealand butters, largely due to the more favourable conditions brought about by the action of the government in entering into the Australian treaty which lowered the duty against the entry of Australian butter. Had this butter not been brought in we could have expected a steady market for at least the month of April or until the season of heavy production, when the production of Canadian butter exceeds the consumption.

Coming from such a source, this view should have some weight with the hon. Minister of Agriculture.

It is evident, Mr. Speaker, that some kind of family compact exists between the Liberal party and the Progressives. In that connection I should like to remind my Progressive friends that the Minister of Agriculture, speaking in the town of Selkirk, Manitoba, made the statement that the greatest block on the wheels of progress in this country to-day was the Progressive party. I do not know whether he will deny that or not, but I believe his statement is absolutely correct. While there is evidently some agreement existing between these two groups, some kind of unholy alliance, there is evidently no love lost between them, for I notice that at a Liberal convention at Edmonton in the province of Alberta, held the other day, which was attended by Liberal representatives from all over the province, a gentleman was chosen as the provincial Liberal leader by the name of Shaw. I have not the honour of knowing him, but no doubt he stands high in the councils of the Liberal party. I believe that he at one time deserted the Liberal party to which he originally belonged, joined the Progressives, and now after a time has gone back to his first love. Mr. Speaker, his very first act after being chosen leader of the Liberal party in Alberta was to make an attack upon the Progressives of the province of Alberta and upon the Progressives of the Dominion generally. I want to place these words on Hansard because I may have occasion to refer to them if I ever go before the electors again. The newspaper report says:

> At the afternoon session, Joseph T. Shaw, newly elected leader, launched an attack upon the Farmer government of Alberta, terming it one of inaction.

That describes the attitude of the Progressives, not only in Alberta, but in the Dominion as a whole.

I do not wish to take up very much more time, Mr. Speaker. In conclusion, there is no reason to my mind why Canada should be to-day not merely one of the most prosperous countries of the world, but actually the most prosperous country in the world. With its immense areas of fertile agricultural lands, with its great areas of timber, with its wealth of fisheries, with its vast undeveloped natural resources, with its great possibilities for the production of cheap hydro-electric power, there is no reason why Canada should not be the most prosperous country on the face of the globe. But the fact is, Mr. Speaker, that confidence in this country has been undermined by policies which have been unstable and unsound, and until we put into effect sound and stable policies we cannot expect to have that general prosperity which every Canadian would like to see in this country. Our great natural resources, when properly developed, should make this country the richest in the world. It is estimated that some 19,000,000 horse power of hydro-electric energy can be developed in the Dominion, and I am proud to say that some five or six million of that amount can be developed in the province of Manitoba alone. With a proper policy, this source of energy will make not only Manitoba prosperous, but the Dominion as a whole. It only requires sound and proper policies to develop our great natural resources and make this country the greatest and most prosperous in the world. There is no reason why we should not attain

that happy position. I thank you, Mr. Speaker, and the House for your kindly attention.

On motion of Mr. Heenan the debate was adjourned.

On motion of Mr. Motherwell the House adjourned at 11.22 p.m.

Tuesday, May 11, 1926

The House met at three o'clock.

REPORT PRESENTED

First report of the select standing committee on Standing Orders.—Mr. Morin (St. Hyacinthe-Rouville).

Mr. MORIN (St. Hyacinthe-Rouville) moved:

That the House do concur in the adoption of the first report of the select standing committee on Standing Orders presented this day.

Motion agreed to.

COMMERCIAL MUTUAL FIRE INSURANCE COMPANY

Mr. MORIN (St. Hyacinthe-Rouville) moved:

That the petition of the Commercial Mutual Fire Insurance Company of St. Hyacinthe, province of Quebec, presented this day, praying for an act to exercise throughout Canada the business of insurance against fire and lightning, and the report of the Clerk of Petitions thereon, be referred to the select standing committee on Standing Orders, pursuant to the provisions of rule 88.

Motion agreed to.

PETITION OF JAMES McCUTCHEON COLEMAN

Mr. MORIN (St. Hyacinthe-Rouville) moved:

That in accordance with the recommendation contained in the first report of the select standing committee on Standing Orders, the petition of James McCutcheon Coleman, presented on May 5th, praying for an act to extend the time for the payment of fees on certain patents owned by him, be now read and received.

Motion agreed to.

ROYAL ASSENT

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

Ottawa, May 10, 1926.

Sir,—I have the honour to inform you that the Right Hon. F. A. Anglin, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber on Wednesday the 12th instant, at 5 p.m. for the purpose of giving the royal assent to certain bills.

I have the honour to be, Sir,
Your obedient servant,
A. F. SLADEN,
Governor General's Secretary.

To the Hon. the Speaker of the
House of Commons, Ottawa.

DUMPING DUTY—AUSTRALIAN BUTTER AND FRUIT

On the Orders of the Day:

Hon. G. H. BOIVIN (Minister of Customs): I would like to answer a question asked yesterday in this House by the hon. member for Norfolk-Elgin (Mr. Stansell) concerning a dumping duty on butter and canned fruit from Australia.

From the information before me, the Pattersen scheme came into effect in Australia on January 1, 1926. Under this scheme a tax of 1½d. per pound is levied on all butter produced, and out of the fund so created, an export bonus of 3d. per pound is paid on butter exported.

The net effect is that the home consumption value becomes 3d. per pound greater than the export London parity, and all butter exported after that date under this scheme becomes subject to dumping duty equal to 3d., or 6 cents, per pound, provided, of course, that this amount does not exceed 15 per cent of the home consumption value.

Respecting canned fruit, there is an undefined export bonus in effect. combined with a drawback or export allowance on sugar entering into the manufacture of the canned fruit. This has not yet been exactly estimated, but instructions have been issued to all of our collectors and appraisers that information has been received at the department in respect to a graduated export bonus granted in Australia on the export of peaches and apricots which it appears would subject the importations thereof to special or dumping duty, and that entries are to be accepted subject to amendment only and the invoices are to be forwarded to the department.

Sir HENRY DRAYTON: I wonder if my hon. friend could tell us the date when the dumping duty of six cents became effective?

Mr. BOIVIN: I am under the impression that all invoices for butter shipped after the 1st of January were received subject to amendment, and the dumping duty of six cents has been imposed since that date.

Mr. FRED DAVIS (East Calgary): Are we to understand that in the case of all

butter released on the basis of the payment of a duty of one cent a pound the dumping duty of six cents will be enforced?

Mr. BOIVIN: It depends on the date of the shipment.

Mr. DAVIS: Take the case of shipments made since January 1st.

Mr. BOIVIN: It will apply to all butter which left Australia after the 1st of January and for which entries were made subject to amendment.

STRIKE IN GREAT BRITAIN PROTECTION OF CANADIAN WHEAT

On the Orders of the Day:

Mr. T. L. CHURCH (Toronto Northwest): I desire to ask the government these questions:

1. What steps are being taken by the government to safeguard Canadian wheat in view of the general British strike now continuing?
2. As a matter of emergency has arisen will the government provide some measure of protection to our wheat by either financing it or affording some sort of guarantee as to prices?
3. Has the government communicated with the banks, or the Canadian Bankers' Association, to come to the help of the grain dealers if the strike continues indefinitely, so that the farmers who grow wheat will not suffer?

Mr. MACKENZIE KING: My hon. friend had better put his question on the order paper.

Mr. SPEAKER: The question goes on the order paper.

THE BUDGET

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

The House resumed from Monday, May 10, the debate on the motion of Hon. J. A. Robb (Minister of Finance), that the Speaker do now leave the chair for the House to go into committee of Ways and Means and the proposed amendment thereto of Hon. R. J. Manion.

Mr. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, as a new member I had not intended to take part in this debate, but inasmuch as several statements have been made that are calculated to mislead the public, especially in connection with Ontario affairs, I deem it my duty to say a few words in connection with the same.

But before going on to discuss Canadian affairs I ask that I be permitted to say a few words in connection with the trouble threatening the Old Country at the present time. I am sure, Mr. Speaker, that I express the views of every member on both sides of this House when I say that I hope the clouds now hovering over Great Britain will soon be dispelled, and that a better understanding between the parties to this great conflict will soon be arrived at. In this regard I notice evidences of an inclination on the part of some people in Canada to attribute ulterior motives to both sides. There are a great many persons in Canada who have blood relations and dear friends in the old land who feel impelled to express their views on the question. I think upon reflection, however, we will all agree that heated argument upon this side of the Atlantic, especially at the present stage of affairs, will do very little good. I am sure it is the desire of everyone to abstain from any action which might be productive of harm and to do nothing which would delay the early conclusion of a settlement honourable to both sides. I have great faith in the ability of the British people to overcome difficulties no matter how grave they may be, and I sincerely hope that no words will be expressed on this side of the ocean other than words of encouragement and helpfulness in the expectation that both sides of the controversy may soon get together and settle the dispute in a way that will be mutually fair and honourable.

The hon. member for South Renfrew (Mr. Maloney) yesterday delivered what I may call a nice little speech.

Some hon. MEMBERS: Hear, hear.

Mr. HEENAN: Yes, it was a nice little political speech, and I desire to congratulate the hon. member upon it. It was too bad, however, that the hon. gentleman had to bring in the labour trouble in Nova Scotia in order to make political capital. In his effort to do that the hon. gentleman misinterpreted the whole situation as it existed there. I agree entirely with the hon. gentleman that there was no need to order troops into Nova Scotia on the occasion referred to. But seeing that troops were ordered there, the hon. gentleman should have truthfully stated how that came about. I think the hon. gentleman stated yesterday that this government had ordered the troops to be sent to Nova Scotia, and had instructed them to shoot. The hon. gentleman followed this up by stating that the soldiers did shoot and that bloodshed had followed. My information is that there was no shooting on the occasion in question and consequently no bloodshed. The Prime Minister and the Minister of the Interior both undertook to explain to the hon. gentleman who was responsible for the ordering out of the troops. May I now supplement what they said. The law specifically places the

responsibility of ordering out troops on the shoulders of the attorney general of each province. The act which deals with the matter is the Militia Act which was amended in 1924. Section 81 of that act reads as follows:

> In any case where a riot or disturbance occurs, or is anticipated as likely to occur, the attorney general or the acting attorney general of the province in which is situated the place where such riot or disturbance occurs or is anticipated as likely to occur on his own motion **or upon receiving notification from a judge of a superior or county or district court, having jurisdiction** in such place, that the services of the active militia are required in aid of the civil power may by requisi**tion in writing addressed to the district officer com**manding the military district in which such place is **situated, require the active militia or such portion** thereof as the district officer commanding considers necessary, to be called out on active service in aid of the civil power.

The next section, section 82, points out that if the district officer commanding a military district is not present, or is unable to act from sickness or any other cause, the officer for the time being commanding shall call out the active militia. There is no discretion in the matter, the officer commanding is obligated to call out the militia when he receives a requisition from the attorney general.

Mr. QUINN: Did not the Liberal government of Nova Scotia send a requisition to the Liberal government at Ottawa asking for troops to be sent to Cape Breton?

Some hon. MEMBERS: Order.

Mr. QUINN: I think I am in order. Am I not in order, Mr. Speaker?

The ACTING SPEAKER (Mr. Marcil): The hon. member can only put a question with the consent of the hon. gentleman who has the floor.

Mr. QUINN: I am asking the hon. member a question. Did the attorney general of the Liberal government of Nova Scotia not send a request to the federal government of Canada for troops, on which request the troops were sent into Sydney, N.S., and as a consequence blood was shed?

Mr. HEENAN: I thought the hon. member was listening to me and trying to follow me.

Mr. QUINN: Yes, very attentively.

Mr. HEENAN: If he had been listening I would not have to repeat myself. However, it is a fair question. If the attorney general did send such a request, he did not know his business under the act.

Mr. QUINN: That is an admission.

Mr. HEENAN: All he had to do was to make a requisition for troops from the district officer commanding, not the federal government, and if the Liberal government in Nova Scotia did requisition the Liberal government of Canada to send troops and the federal government sent them, I would be one of the first to condemn the government for doing so.

An hon. MEMBER: Then condemn them.

Mr. QUINN: That is what I said.

Mr. HEENAN: But they did not do it, and the records do not show that they did it. The attorney general—the Liberal attorney general of Nova Scotia, if you will—requisitioned troops from the district commanding officer, and he said—

Mr. QUINN: The hon. member cannot hide behind the act.

Mr. MACDONALD (Antigonish): Since the hon. member for Halifax (Mr. Quinn) knows so much about it, let me tell him that the troops went to Nova Scotia on the request of the district officer commanding, without any request from Ottawa at all, without our knowing they were there until they arrived.

Mr. ARTHURS: How was it possible that the local troops in district No. 2, Toronto, should be transferred to Nova Scotia without the intervention of Ottawa?

Mr. MACDONALD (Antigonish): Look up the act of 1924 and you will find that is the way in which it was done.

Mr. HEENAN: I desire to draw attention to the fact that the Minister of National Defence (Mr. Macdonald) is not making this speech, and that I have no objection whatever to hon. gentlemen opposite asking me any questions they like.

Mr. QUINN: I ask the hon. member whether troops can be sent to any part of Canada without the authorization of the Department of National Defence.

Mr. HEENAN: Yes, according to law, I do not agree with the law; the law ought to be changed. I am going to appeal to the Minister of National Defence to introduce an amendment to provide that no troops can be sent anywhere except on the responsibility of the government. I will go further and say that if the calling out of the troops had anything to do with, or contributed in any way to the defeat of, the Liberal government of Nova Scotia, I consider they got their deserts. But the hon. member went

further. He said the troops were ordered out, that they were ordered to shoot and that they did shoot and kill. I cannot find any record of any place where there was any shooting done or anyone killed; so that evidently the troops refused to comply with instructions. I think when the hon. member made his speech he got his wires crossed. I believe he was actually thinking of the strike of 1919 in Winnipeg, because I know that the troops were ordered there; the troops went in and they were ordered to shoot; they did shoot and did kill, and the Conservative government of the day, or the Union government which was the same thing, were responsible.

Mr. HEAPS: We were told that the troops went in there without a request from the provincial government.

Mr. HEENAN: I understand they were sent in without any request.

Mr. HEAPS: Does the hon. gentleman know that in 1919 the troops went into the city of Winnipeg without the consent of the provincial government? I know that this government was a party to sending the troops in there.

Mr. BOIVIN: Not this government.

Sir HENRY DRAYTON: Does the hon. gentleman make that statement of his own knowledge? I will tell him that there were no troops used in the Winnipeg strike. There were forty-nine mounted policemen there and no troops at all.

Mr. HEENAN: If the hon. member makes that statement of his own knowledge why did his party object to the papers in that connection to be laid before the House?

Sir HENRY DRAYTON: I am putting the hon. member right, troops were not sent in.

Mr. HEENAN: I do not know if they were troops or not, they were red coats and and they shot and killed.

Sir HENRY DRAYTON: Forty-nine nounted policemen.

Mr. HEENAN: And the people who were killed or injured would not care very much whether you called them troops or policemen. I was in Winnipeg at the time.

Mr. QUINN: May I be permitted to ask a question?

The ACTING SPEAKER (Mr. Marcil): Not without the consent of the hon. member who is now speaking, but I would ask the House to discontinue discussion along this line.

[Mr. Heenan.]

Mr. QUINN: Have I permission to ask a question?

Mr. HEENAN: Go ahead.

Mr. QUINN: Is the hon. member aware that two years ago in the coal riots in Cape Breton people were killed?

Mr. HEENAN: Oh, if the hon. member wants to become reminiscent, I remember some time ago when I was a little boy in Ireland there was a riot.

Mr. QUINN: I am talking about Canada. Let Ireland go. I am just as Irish as the hon. member who has the floor.

Mr. HEENAN: Pardon me; I did not mean that to be a smart answer to the hon. member (Mr. Quinn); I was answering the hon. member for South Renfrew (Mr. Maloney), who spoke yesterday about what happened a year ago in Nova Scotia. During the Winnipeg strike I was there; our men kept out of the strike. Therefore, I know something about it, and I know there was no more need for troops in the Winnipeg strike in 1919 than there was for troops in Nova Scotia last year. I am simply trying to get the facts before the people. All that was necessary in the Winnipeg trouble was that the Minister of Labour, who was on the job, should have used a little horse sense, and there would have been no blood shed. But instead of that, they chose to have the troops sent in. It was premeditated. It does not make very much difference, because I think if hon. members on the other side would allow the files to be brought down they would find it was all premeditated. that when the boys were being discharged or demobilized on their landing, special men who would do their bidding, were picked out to be sent to Winnipeg, and they were very careful that those who, they thought, would not do their bidding were not sent. I say the government is entirely responsible for that.

I desire to congratulate the Minister of Finance on his financial statement, and I do this very sincerely, because I consider that $22,000,000 of a surplus is something that any government might be proud of. I notice that hon. members in their speeches find different excuses why this government should not receive credit for having a surplus. I have often thought it is too bad that public men, men who aspire to be statesmen, should become so partisan in their views that they cannot even give credit where credit is due.

The hon. member for South Wellington (Mr. Guthrie) the other day in an effort to throw cold water on the surplus, actually

compared the financial affairs of the Dominion with that of Ontario. He said that while the statement of the Minister of Finance (Mr. Robb) was satisfactory at least to some extent, they could not give any credit to the government; that the credit was all due to Providence for giving a bountiful crop. On the other hand and almost in the next breath he lauded the financial condition of Ontario, and while admitting that that province had also a great crop and that Providence had been kind to Ontario, he gave the credit to the financial experts of the Conservative government of Ontario. This is what the hon. member said when he was speaking of economy:

> If there is one thing which the people of this country demand at the present time, it is that the expenditure of the national government be cut down. I know of no cry throughout the province of Ontario more persistent than that government economy be exercised to the very last degree. We hear that cry in our provincial legislature, and we are pleased to note that the government of Ontario has put the finances of the province on such a footing that within a reasonable time that province will regain its former financial stability.

I was a member of the Ontario legislature for six years, resigning my seat to run in the last election. My position has not yet been filled; the government of to-day apparently consider that the north country is just as well off without a representative as with one. I would at least have thought they would try to get a Conservative to represent that district because even a Conservative is a little better than no representative. Having an interest in the financial condition of that province I secured a copy of the public accounts and this is what I find. At the end of 1922, which was the last full year of the Drury regime, the total debt of the province amounted to $240,506,176. At the end of 1925, after three years' administration of the economical Conservative government, the total debt amounted to $324,922,473, or an increase of $84,416,297.

Mr. STEWART (Leeds): How much of that is included in the Hydro-Electric development?

Mr. HEENAN: This is ordinary expenditures only. The argument that the government of Ontario is putting up in order to hoodwink the people is that a certain amount of this money has been expended on the Hydro-Electric which is a revenue producer. After Drury got through, the Conservative government of Ontario during the past three years added practically $67,000,000 to the debt of that province. This does not include one cent of Hydro-Electric or any other revenue producing investment. I wonder if that is the manner in which the hon. member for South Wellington would like this government to run the finances of this country.

Mr. KAISER: How much of that represents obligations incurred by Drury?

Mr. HEENAN: During the last three years when the Tory government of Ontario were in power, $67,000,000 was added to the public debt on their own account and they are responsible for it. I am not trying to shield Drury or his government for whatever they did.

An hon. MEMBER: Or Peter Smith.

Mr. HEENAN: There are a good many Peter Smiths only they have not been caught. The hon. member for South Wellington says that the cry for economy prevails all through the province of Ontario. Let us see how this economical Conservative government answered that cry for economy. In 1922 the Drury government spent $37,000,000; in 1925, in answer to this cry for economy, the Ferguson government spent $51,000,000. I ask again, if that is the way in which the hon. member for South Wellington would like this government to economize, that is by continuing to increase expenditure notwithstanding the fact that the public debt is increasing. The Ferguson government collected $6,000,000 more from the people last year than they did in 1924 and $12,500,000 more than they did in 1923 and yet they show a deficit of $5,000,000. Is that the way in which the hon. member for South Wellington would like this government to carry on the finances of this country? As a comparison with the Drury regime because I notice the provincial treasurer all through his speech made a comparison with the last horrible year, as the Conservatives call it, of the Drury regime, I should like to point out that if last year the Tory government of Ontario had received only the same amount of money as the Drury government did in 1923 and spent the same amount as they did in 1925, they would have shown a deficit of $17,500,000 last year instead of $5,000,000.

Mr. NICHOLSON: As my hon. friend is discussing provincial and not federal politics, what was the actual deficit in the last year of the so-called Drury regime?

Mr. HEENAN: I am glad my hon. friend asked me that question because I might have forgotten it. As regards discussing provincial politics I am answering one of my hon. friend's friends who tried to tell this country that the finances of Ontario are in good shape and that this government should copy that province. Hon. members will recall that the

provincial election took place in June, 1923, and the government changed hands in July. The Drury government spent a good deal of money that year, but hon. members will have to admit that the Tory government not only kept the books, but fixed them so that they made it the most horrible year it was possible to make it. They paid every cent they could find to pay and they urged everybody to put in their bills, saying: The going is good; come on in. On the other hand it was generally known that they encouraged people who owed money to the government to withhold their payments until the end of the fiscal year when the books were closed. It was therefore by cooking it in this way that the Conservative government of Ontario was able to show that the Drury government had practically a deficit of $15,000,000.

Mr. NICHOLSON: Nineteen and a half millions, my dear friend.

Mr. HEENAN: I should not be surprised if you were to say 90 million. After manipulating the finances of the province in this way the Conservative government of the province then compared their record with that of the Drury government, but I would again point out that if they had received only the same amount in 1925 as the Drury government received in 1923 and spent the same amount as they did, they would have a deficit of $17,500,000 in the past year.

Mr. NICHOLSON: That is not as bad as nineteen and a half million.

Mr. HEENAN: But the whole story is not told merely by showing the deficit. The Conservative government of the province has persistently asserted that what it was able to accomplish it accomplished without creating new taxes. It has successfully fooled the people. The press comes out with headlines like these:

No new taxes. Old deficit cut. Surplus of two million dollars.

The press can publish these headlines for the simple reason that the government of the province gives out intimations to this effect long before the legislature gets the public accounts. Evidently there is method in their madness, for they have misled the press.

The Ferguson government did double the dues on timber last year and that is a new tax, and they put on a new tax on gasoline and beer from which they received $1,174,000. They might have got more out of the beer had it been good beer, but the fact is that the people of Ontario have been just as greatly disappointed in their 4.4 as they have been in the Ferguson government. The Ferguson government also benefited by an increase in motor permits to the extent of $850,000, and in succession duties they received an additional $1,600,000. A number of rich people having died, the government collected the taxes from their estates; and I hardly think that the hon. member for South Wellington had that in his mind when he said that Providence had been good to the Ferguson government. The Minister of Finance is not in his place, and so I will address this appeal to the Prime Minister (Mr. Mackenzie King): Do not let the government accept the views of financial experts from Ontario as a basis for them to go upon.

I do not think that we ought to dispose of the question of Ontario's finances without considering the way in which some of the money has been spent. I suppose it is general knowledge that in Ontario we have what is known as the northern development fund. It is usually supplemented to the extent of $5,000,000. The legislature votes the money in a lump sum, placing it in charge of the Minister of Lands and Forests, so that the government or the minister has a blank cheque for $5,000,000, which is supposed to be used for the development of fifteen districts in northern Ontario in respect of roads, bridges and so forth. These districts are each supposed to get a square deal in this matter. But do they? I want to tell the House that during the past three years this development fund has been used mainly for the purpose of corrupting the electorate of northern Ontario, and I make that statement after giving the matter due consideration. I say it knowing the responsibility of a public man in making a statement of the kind. The fund has been used mainly for the purpose of corrupting the electorate of northern Ontario and when such corruption has failed it has been used in order to intimidate, to discriminate against, and even to persecute settlers in the north country.

Mr. McGIBBON: Does the hon. member know that the last grant went through at the last session of the local legislature with practically no objection from either the leader of the Progressives or the leader of the Liberals?

Mr. HEENAN: Of course; it does every time. But that does not say that it has been used by Progressives or Liberals. I am telling you how the money was used, and I do not think that the people of the province should allow it to be spent in this way whether by unanimous consent or not. It should be voted to the different constituencies and not placed in the hands of any minister, Liberal,

Conservative, Farmer or Labour. Now, I made a charge on the floor of the Ontario legislature last year that public servants, men paid out of the coffers of Ontario, were going through the north country persecuting and intimidating the settlers in that district.

Mr. NICHOLSON: As a northern Ontario man I protest against these statements made in a federal budget speech and referring to a state of affairs in regard to which no explanation can be given.

Mr. HEENAN: Instead of protesting—

Mr. NICHOLSON: I rise to a point of order.

Mr. SPEAKER: What is the point of order?

Mr. NICHOLSON: The hon. member presumably is discussing the federal budget, and instead of doing so he is criticizing provincial finances entirely. He is making charges with regard to public men in the province of Ontario in a forum in which those public men can have no opportunity of answering.

Mr. SPEAKER: I do not see the point of order.

Mr. HEENAN: I can see further than you can, Mr. Speaker. The point of order should be this: that instead of a man from northern Ontario protesting against these facts being made public, he should protest against the damnable practices of the Tory administration in northern Ontario.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I must ask the hon. member to withdraw that expression.

Mr. HEENAN: All right; we can substitute anything just as bad.

Some hon. MEMBERS: Order.

Mr. HEENAN: What do you want me to do—say my prayers?

Mr. SPEAKER: The withdrawal must be complete.

Mr. HEENAN: Well, I will say, the rotten practices engaged in in northern Ontario. Now, I am appealing to the Ontario members of this House and I can assure them that the statements I make I can prove; I am not here simply blathering. I made these statements on the floor of the legislature when the Prime Minister of the province, instead of doing as my hon. friend has done, stood up on the floor and said that if there was such a horrible thing going on in the province he would have an investigation and strike off the heads of any civil servants who might be guilty.

Mr. NICHOLSON: My hon. friend could not prove his case.

Mr. HEENAN: My hon. friend says that I could not prove my case. I have eighteen affidavits, twelve of them signed by men who never voted anything but Tory in their lives and who never will. All of these affidavits bear out what I have said and no investigation has ever been held. Yet my hon. friend says I never proved my case.

Mr. ROWE: Would the hon. member permit a question? He has stated that there was corruption in northern Ontario, and that he spoke of this corruption in the provincial house. Would he now tell us the words he used in dealing with this question, and when he spoke of it?

Mr. HEENAN: I said then that I wanted to draw to the attention of the people of the province of Ontario the practices being carried on in northern Ontario. There were civil servants in that part of the country, engineers, warehouse keepers, bookkeepers and timekeepers going through the country and especially the riding I represented, gloating over the hardships of the settlers due to the fact that they had suffered two partial crop failures. These men were telling those settlers that they would get no assistance and no roads built until they saw fit to vote for a Conservative candidate and put him in office. That was my statement, and the Premier said that if he could find anyone who had done that sort of thing, and if I would give him the names of the men responsible, he would strike them off the payroll. But the investigation has never yet been held.

Mr. SPEAKER: Though much latitude is given in a budget speech, as in a speech on the Address, hon. members should however confine their remarks to the questions before the House. The hon. gentleman is now dealing with provincial politics, and I would ask him to speak on the budget.

Mr. HEENAN: While I am willing to abide by Your Honour's wishes in the matter, I might say that as a new member I sat here looking for a lead. I have noticed that different members on both sides of the House have been permitted to ramble all over the country, speaking of provincial as well as Dominion affairs, strikes, lock-outs, murders and everything else. I will abide by that ruling, but in fairness I ask you, Mr. Speaker, not to rule that way in view of the fact that two

hon. members opposite, the hon. member for South Wellington (Mr. Guthrie) and the hon. member for Toronto Northwest (Mr. Church) made statements in regard to provincial affairs which were misleading to the public. Surely, having a knowledge of these things, I have a right to answer those statements. I wait now, Mr. Speaker, for your ruling.

Mr. SPEAKER: An answer to a statement previously made is permissible, but every speech should be confined to the question at issue. We are now considering the budget, the tariff, the financial policy of the government, and hon. members on both sides of the House must direct their remarks as much as possible to those questions.

Mr. HEENAN: Well, I was nearly through anyway. I do not think, however, that Your Honour caught the gist of my argument. I feel that if you had done so you would not have ruled in that way, because I am now going to show that this $5,000,000—

Some hon. MEMBERS: Order.

Mr. HEENAN: What is the matter with my hon. friends; if they are out of order why do they not get a prescription? I was going to show, Mr. Speaker, that money out of this $5,000,000 fund was used not only in provincial affairs but also during the last federal election, in works and wages, in order to defeat this government. In view of that fact, would Your Honour still rule that I should keep away from this question?

Mr. SPEAKER: So long as I do not call the hon. gentleman to order he may continue.

Mr. HEENAN: As I have already said, I made the statement on the floor of the House and since that time it has been supported by good Conservatives. During the last federal election the provincial Minister of Lands and Forests went through that country promising roads, bridges and everything else, to such an extent that a Conservative candidate actually protested against it. Some hon. members opposite may think I am prejudiced.

An hon. MEMBER: Oh, no; absolutely not.

Mr. HEENAN: Thank you; once in a while we get our hon. friends to tell the truth. No one, I think, will question the standing in the Conservative party of Mr. John J. Carrick. He was the federal Conservative member for Port Arthur; he sat in the Ontario House representing Port Arthur, and ran in the last federal election as an independent Conservative. After appealing to the Premier of Ontario and to everyone else in authority in connection with these promises made by the Minister of Lands and Forests he was forced to wire the following mesage to the Lieutenant Governor of Ontario:

> The honour of the crown is being besmirched by the Port Arthur Conservative machine. An announcement of the Nipigon pulp limit tenders is being withheld from the public to be used here for the advantage of the machine candidate. No party owns our government resources, they belong to all alike, Liberal and Conservative, and should not be used for the advantage of any party. The Conservative machine advertises that Hon. James Lyons, Minister of Lands and Forests, will address a meeting in the Colonial theatre here Friday and will have a message "re the sale of pulpwood to our mills." The announcement of any government tenders have always been made through the press. Why should Mr. Lyons come here to make the announcement on the public platform except to influence votes for the Conservative machine candidate? Mr. Lyons spoke at Hornpayne and Sioux Lookout and promised them road grants, bounty on iron ore, and to survey agricultural lands, to influence votes in this constituency. The provincial Conservative machine are intimidating their employees in this constituency and coercing their support to the machine candidate with a threat of dismissal. On behalf of the self-respecting citizens of this constituency I respectfully enter a protest to you as our Lieutenant Governor of the province of Ontario.

Mr. MANION: Mr. Carrick was defeated in the last election, was he not?

Mr. HEENAN: Mr. Carrick was defeated in the country, but polled a majority of 500 in the city of Port Arthur, where he was known.

Mr. MANION: He ran as an independent candidate, not as a Conservative.

Mr. HEENAN: An independent Conservative.

An hon. MEMBER: There are no independent Conservatives.

Mr. HEENAN: I thought they were all independent, because I heard the hon. member for Fort William (Mr. Manion) say the other night that hon. members opposite were not whipped into line.

Mr. Carrick also published a daily paper, and in that paper he states that a lady—I do not want to mention her name here—took an affidavit that she was intimidated; she was told that if she did not work for the machine, it would be difficult for her and her husband to make a living in that part of the country. I noticed that when we were discussing the Peace River election in this House the other day my hon. friend from Fort William (Mr. Manion) several times referred to the Saskatchewan machine. I want to tell him and this House that I have never seen anything in my life anywhere that could compete with the machine we have in Ontario, but it is a Tory machine.

I do not like my hon. friend from Fort William giving credit to the western provinces for having all the good things, when we have in this province of Ontario a machine that the western provinces cannot possibly beat, and I think from a patriotic standpoint the hon. member ought to give his province credit for that.

Mr. MANION: The machine never came into my riding.

Mr. HEENAN: I admit that. I believe the hon. member is too decent a fellow to even allow the Minister of Lands and Forests, though he be a Conservative, to come into his riding.

Mr. GOTT: He came into mine, and I was proud of it.

Mr. HEENAN: Maybe you got some of this, did you?

Mr. GOTT: Nothing like that.

Mr. HEENAN: I think it is only fair for me to say there is no man for whom I have more respect, or for whom the people who know him have more respect, than the hon. member for Port Arthur (Mr. Langworthy), and everybody in that part of the country entirely relieves him of any responsibility in connection with this matter. Though it is only fair for me to say that, just the same I have never heard the hon. member for Fort William or the hon. member for Port Arthur get up in any public place and protest against these practices.

Mr. MANION: There is nothing to protest against. The hon. member is pointing out some very wicked things which happen to suit his speech, but so far as I am concerned, I was up there in the election and I saw nothing whatever of these tactics. Ministers have made speeches in Port Arthur, and that, of course, was quite within their rights. But I know nothing of any tactics of this kind that were followed out there.

Mr. HEENAN: We have a Conservative paper in Kenora called the Miner and News, in which it is stated that Mr. Lyons spoke in that town and promised them all kinds of things, but evidently the people did not believe him because that town gave your humble servant a majority of nearly four hundred. This is a Conservative paper; there is no doubt about that, because its editor has received the nomination for the Conservative party in the next provincial election. I do not want to take up time reading from this paper unless any hon. member requests it, but it shows that Mr. Lyons promised all kinds of things—roads, bridges and highways galore—to be built next year. There was a case of the provincial Minister of Lands and Forests taking part in a federal election and trying to bribe the settlers of that country with this kind of thing, and the point I want to make is, that no minister, whether he be Liberal or Conservative, should have a five million dollar fund under his hand to do with as he sees fit. The money should be voted by parliament for the specific purposes or roads for which it is to be used.

Mr. ROWE: Did the hon. member object in the provincial House to that $5,000,000 being spent in northern Ontario? Were not the people of Northern Ontario just as much disappointed over many other promises they had received before, in regard, for instance to the Backus deal and the building of many pulp mills in that part of the country?

Mr. HEENAN: Yes, and I shall discuss that in a few moments; I am glad the hon. gentleman has reminded me of it. During the Drury regime, if you will look at the expenditures that were made all through that north country, you will find that there were constituencies in which Conservatives got as much, and sometimes more than the constituencies which had members supporting the Drury government. There was no need to object to that, because no discrimination was shown. Last year $3,000,000 was spent out of this $5,000,000 fund, and I defy any lawyer or accountant in this country to go through the public accounts and point to any specific work to which a specific amount could be applied. The best one can do is to take the report of the Minister of Lands and Forests, which shows that some 277 or 300 jobs were done, and you will find from the public accounts that the $3,000 000 was paid to over 3,000 people and firms scattered all over northern Ontario, an area four times larger than old Ontario itself. I think the seriousness of this matter is not realized and that is why I say, and say in all sincerity, that this money should be voted by the legislature for the specific jobs for which it is intended, and ministers of the crown should not be able to promise to do any other work with that money except as voted by the legislature.

I have made some charges in regard to the civil service being used for political purposes. I made this charge on the floor of the legislature last year. The actions of the same civil servants in this last election actually constitute a scandal in the history of the country for political manoeuvring. These men went around the country tearing down bills from telegraph poles in the country dis-

tricts where our meetings were advertised, and when the Conservative speakers would come around, these same men used government cars and went out in the country and brought in road gangs to ensure good meetings. These were men who were paid out of the public moneys of this country, and I want the hon. member for East Algoma to stand up now and say whether he protested against that kind of thing. I am sure he would protest against it if he knew it was going on.

Mr. NICHOLSON: I was all over northern Ontario and I saw no such thing going on.

Mr. HEENAN: There are none so blind as those who will not see.

Mr. GOTT: Did the hon. member assist W. E. Raney in formulating the charges against the Hon. Mr. Lyons?

Mr. HEENAN: I may answer that too.

Mr. GOTT: I will call your bluff. Were you connected with Mr. Raney?

Mr. HEENAN: Whoever formulated the questions was all right, and the questions were all right, but they made a poor job at investigating the matter. Nevertheless, whoever formulated the questions did so in such a manner that the Minister of Lands and Forests saw fit to resign rather than answer them.

Mr. ROWE: Did the hon. member—

Mr. SPEAKER: Order. This is not a debate; it is becoming a cross-examination.

Mr. HEENAN: In order to prove my case, let me say that one of the reasons I resigned my seat in the provincial legislature was in order to run in the federal election last year and protest against these practices that were going on, to protest against using public money to bring settlers into new Ontario from the Old Country, and sending them out into New Ontario when they got here and telling them to hew a farm out of the bush, and then have the hired thugs of the provincial government go amongst them and tell them that they would not get a square deal until they voted a Conservative in for that particular riding. That was one of the issues in the district that I had the honour to represent. Notwithstanding the fact that the machine went up there, and that these hired thugs went all over the district, the people of that provincial riding gave me a majority of nearly eight hundred. This confirms the statement I am making on the floor of this House. Now, there are none so blind as those who will not see. It was well known to every Conservative in that part of the province that an issue would be made of these doings when the proper time came. As a matter of fact when I ran in the election I did so as a protest against such methods, and I hope opposition members in this House from the province of Ontario will take notice of the verdict which the people rendered on the occasion referred to, and that all such practices will be strictly tabooed by them in the future. When I accepted the nomination for the riding we knew that one of the gang, or one of the advisers of the provincial government, intended to secure the nomination for the Conservative party. It was in order to keep that man out of public life—a man who would so far forget himself as to lend himself to the designs of a gang that would advise any government, whether Liberal or Conservative, to persecute the settlers in the northern country—that I offered myself as a candidate, and I succeeded in defeating him. There is one more member of the gang now before the public for the next provincial election, but I am quite content to leave him in the hands of the people of the district.

A comparison has been made between the way in which the finances of Ontario are administered by the provincial government and the method adopted by the federal administration. The hon. member for South Wellington, for example, made such a comparison. I ask that hon. gentleman to state whether he would follow the financial methods of the present Ontario government if he were on the federal benches, or whether he would use the public money in the way in which I have stated it has been used by the Ontario government? I think I have a right to ask that question, and that it is a perfectly fair one in view of the statements which some hon. gentlemen opposite have made.

The hon. member for Toronto Northwest (Mr. Church), during his speech on the evening of Friday last, gave utterance to the following statement:

> New Ontario has been economically annexed to the United States. Why do I say that? Because New Ontario has been a happy hunting ground for American millionaires for years past. Mr. Drury, the former Premier of Ontario, gave to Mr. Backus, a Milwaukee millionaire, an enormous timber area, an empire in itself.

I had been under the impression, Mr. Speaker, that the Conservatives advocated a policy of establishing industries to manufacture raw materials of Canada in this country. I had thought that hon. gentlemen

opposite advocated the adoption of a tariff as would compel Americans to establish industries in this country, rather than permit the exportation of Canadian raw material to the country to the south to be manufactured and to give employment to American workment there. It is very difficult to follow the varying arguments of successive Conservative speakers. On the one hand they say "Let us have such a tariff that American capitalists will be forced to establish factories in Canada and give employment to Canadian workmen." On the other hand, when American millionaires are induced to locate in Canada, they set up the cry that we are being annexed to the United States. Really it is very difficult to follow such arguments or to find any harmony between them. However, I am getting used to inconsistencies of this kind on the part of Conservatives. It is true that the Drury government did sell a timber limit to Mr. Backus in 1921. One would think that the Conservatives—of course I have special reference to those in Ontario—were loath to do business with Mr. Backus either through fear or some other cause. But what are the facts? We find that they did do business with Mr. Backus only they went about it in a different way from that adopted by the Drury government. The latter government disposed of a timber limit openly, to Mr. Backus; the whole transaction was open and aboveboard. But how did the present Conservative government act in their dealings with Mr. Backus? At the last session of the legislature before the last federal election the Minister of Lands and Forests announced, amid a loud beating of drums, that no doubt the people of Ontario would be glad to know that the government had cancelled some water powers granted to Mr. Backus by Mr. Drury. The announcement was followed by such a rattling of desks on the part of the Conservatives that that furniture was in imminent danger of destruction. But strange to say, after the election was over, the same minister returned the same water powers to Mr. Backus. The people of the district were not aware that such a thing had been done. Even the mayor of Fort Frances, although the town was particularly interested in the agreement with Mr. Backus, was not aware of it. Worse than all, the Premier of the province made the humiliating confession that he did not even know that negotiations had been going on for the return of these water powers and was entirely in the dark as to the transaction. This was about two weeks before the then Minister of Lands and Forests resigned. Now, I ask hon. gentlemen opposite, from Ontario, this question: When they do business with Mr. Backus, or any other millionaire, is it better to act in an open and straightforward fashion or to work in a stealthy, secret manner? If my hon. friends will refer to the Toronto Telegram of March 15, they will see where the Premier of Ontario made the humiliating confession, that he did not know that the transaction referred to had taken place. I am not discussing whether it was advisable to enter into the arrangement or not. Personally I think that a man who spends thirty, or forty or fifty million dollars in establishing paper mills in Kenora, as Mr. Backus did, who gives employment to about two thousand men, and who pays about $40,000 in taxes for a period of ten years, ought to be encouraged. But when we do business with him we should do it openly so that the public shall have full and complete knowledge of what is going on. No public matter should be handled according to the backdoor methods practised by the Conservative party in the province of Ontario. It is not generally known that the Hearst government, in which Mr. Ferguson was Minister of Lands and Forests, sold Mr. Backus a timber limit in 1914.

Mr. GOTT: I rise to a point of order. About twenty-five minutes ago Your Honour ruled the hon. member was out of order in discussing provincial issues. Since that time he has made charges that have not the least foundation and cannot be substantiated.

Some hon. MEMBERS: Order, order.

Mr. SPEAKER: I have ruled that provincial politics should not be discussed during the debate on the budget, but I followed the hon. member and I do not think he has contravened the rules. The charges he has made are in connection with the last Dominion election, and these charges can be made on the budget debate as well as on the debate on the Address. I do not see that he is out of order, but one must connect such charges with Dominion affairs. Let me repeat that hon. members should confine their remarks to the questions at issue. Rambling remarks in reference to provincial politics are not permitted during the debate on the budget. I therefore hope the hon. gentleman will confine his remarks to the points at issue.

Mr. HEENAN: I commenced by complimenting the Minister of Finance on his budget, and I proceeded to answer the hon. member for South Wellington when he advised the Minister of Finance to copy the financial policy of the province of Ontario,

He made certain statements, and I think it is only fair that they should be answered. I do not think that one party should get what they wish on Hansard and that the other party should be ruled out of order and prevented from answering. The hon. member for Toronto Northwest made a speech on Friday night in which he made certain charges; another hon. member asked some questions in connection with his remarks, and I am trying to answer those questions. Surely, if a member is permitted to ask a question I should be allowed to answer it, and I can assure hon. members that before I get through I will connect this matter with Dominion affairs. I am just wondering whether my appeal to the House will be of any value, because an hon. member for one of the Ontario constituencies has stated that I have been making statements and charges that are without foundation. I have already told him that I have affidavits and documents to substantiate every charge I have made. It is the old saying, there are none so blind as those who will see. It is not generally known that the Ontario government sold Mr. Backus 2,000 square miles in 1914, and made a contract which permitted him to build a mill or not to build it just as he wished, and according to the agreement the mill was to be built on this 2,000 square miles or in the vicinity of it. They led the people of Kenora to believe that the industry was to be established in that town. That is the whole trouble in connection with the matter the hon. member for Toronto Northwest spoke about on Friday night. An agreement was made, and I was present at all the proceedings. We made an agreement by which the water powers of the province of Ontario were disposed of, and the powers in the vicinity of Kenora were safeguarded. Not a pound of pulpwood was to be exported to the American side, and no power can be exported; everything is to be manufactured in Ontario. I want my friends on the other side of the House to advise the Ontario government to please copy, because they have not been doing it.

I feel sure that every hon. member will be glad to see the progress that our railroads are making in this country. I refer to Dominion, not to provincial roads. When we find that there is an increase of practically nine and a half million dollars in last year's revenue, with a decrease in working expenses of five and a half million dollars, making a betterment of approximately fifteen million dollars, I think there is room for gratification in connection with our railroad operation, indicating as it does wise management and loyal co-operation on the part of the workmen. It shows efficiency in every degree. As an indication of the efficiency with which our railways have been operated, the employees moved nine and a half million dollars more of revenue bearing freight with a less consumption of coal to the extent of one and three-quarter million dollars, which again shows great efficiency in the operation of our road.

In looking over the yearly reports, Mr. Speaker, I was glad to see that the presidents of both roads give great credit to the employees. I observe that Sir Henry Thornton, in one paragraph of his report, stated that they are now considering the consolidation of the different pensions schemes throughout the system. There are different pensions schemes on the different branches of the Canadian National Railways, and I am satisfied that when these are consolidated we will have a pension system second to none in existence. I think hon. members will agree with me that the workmen on the Canadian National Railways who are showing such loyalty are entitled to this pension. I do not intend to go through the report, because I feel satisfied that the Minister of Railways (Mr. Dunning) will deal with it in detail. I want to point out that the Canadian Pacific Railway report, while not presented with so much detail, shows they made $853,000 last year over and above the preceding year, but they cut down $2,074,000 in expenses, or, in other words, they laid off a great many of their employees altogether. They put a good many of them on short time, and in other ways helped to keep down the expense, so that they were able to show a surplus of $2,927,000 over the preceding year. That shows again loyalty and efficiency on the part of the men engaged in the transportation of the commerce of this country. The men who are employed on the railroad and are so loyal to their employers should not be subjected to this unwarranted, misleading propaganda that is being distributed through the country. I have before me Railway Bulletin No. 5, of the Railway Users Association of Canada. They endeavour to show that the government of this country had more to do with the increase in freight rates than any other factor. But I am wondering when the government really had anything to do with the increase. The bulletin goes on to state that there are 20,000 more people employed on the Canadian National Railways than there ought to be, it does not mention the fact that 3,000 fewer men were employed on that railroad last year than the year before. They point out that the wages of railwaymen employed on the Canadian National are higher than the wages of those employed on the Canadian

Pacific. The wages of railroad men throughout this country are standardized; there is a standard schedule of wages; but notwithstanding that fact this propaganda sheet points out these differences in wages between employees on the Canadian National and employees on the Canadian Pacific:

	Canadian National per hour	Canadian Pacific per hour
Freight engineers..	$1.05	$0.97
Freight firemen..	.78	.72
Freight conductors.. ..	.90	.82
Freight brakeman.	.70	.63

The whole thing from beginning to end is misleading and it should be refuted; the men who are employed on our railways should not be subjected to this kind of propaganda. While I am on the question of our railways and discussing the efficiency of the men and the pension plan, I want to point out that the Canadian Pacific Railway also have a pension plan which is very much appreciated by the employees from which the company receives a great deal of benefit as other organizations are doing who have pension plans by laying off their old men when they reach the age of sixty-five years and replacing them by younger men. They consider this is a benefit, an investment.

In connection with the Canadian Pacific pension plan, there is one regrettable feature which I feel it is my duty to mention at this time, namely, that the regulations pertaining to it provide that if an employee breaks his continuity of service he becomes deprived of his pension. We have an example at the present time of how this rule is applied. No doubt hon. members will remember that in 1908 the machinists and carmen went on strike. This strike was legal in every respect; the laws of the country and the laws pertaining to the constitution of those engaged in the strike were observed. And now eighteen years afterwards we find that many of these men, having contributed to the upbuilding and prosperity of the company, are reaching the age of sixty-five years and are being taken from their work and deprived of their pensions.

I am not going to argue at this time that the public is contributing to this fund through freight, passenger and other rates, or that the government should take a hand in the matter. I feel that all that is necessary at present is to draw the attention of the head officials of the Canadian Pacific Railway to this matter in the hope that they will give it their due consideration. I think I know the company well enough to believe that when we appeal to a big-hearted man like Mr. E. W. Beatty and his associate officials, they will rise to the occasion and be too big to hold spite at the end of eighteen years and discriminate against their old employees. I sincerely hope before we meet next session this grievance will be eliminated.

I had intended to touch on a few other matters, but I will leave them for another occasion. I am sorry if in any way I have transgressed the rules of the House. I had not thought I was doing so, because, as I said before, I was answering questions that had been raised by members of the opposition. I felt it was my duty to do this and any statements that I have made I am prepared to prove.

As regards the cut in the tariff on automobiles, as a new member and not an expert in tariff matters, I have listened attentively to the arguments advanced by older or more experienced members. I have observed from time to time that members on the other side of the House have deplored the fact that the tariff on automobiles has been cut; not one of them that I have heard has yet stated that the duty ought not to be cut.

The amendment to the motion would, I think, make a man vote for the budget rather than against it because it is a compliment to the government. Any member who votes for the amendment surely votes confidence in the board that has been constituted. That is the way in which I view the amendment so that the government may take what consolation they like out of that. If I were in the Ontario legislature I would be permitted to say that the amendment was a "4.4" amendment; there was no body to it, and therefore if anything were necessary to enable me to reach a decision as to how to vote, it would be the amendment.

It is very difficult for a man who is listening to arguments in an endeavour to arrive at a conclusion, to determine how best to vote when he finds that on the resolution of last year in favour of cutting the tariff on automobiles, six Conservatives voted to reduce the tariff and some of them were re-elected as protectionists. Again, I am informed that the hon. member who represented Oshawa on the Liberal side last year put up a very hard fight in this House against any cut in the tariff on automobiles, and yet he was defeated by his own people in the last election. It is therefore very difficult to tell just what the people want. It is apparent that the people of Oshawa were not very much concerned about that matter during the election or they would hardly have defeated the man who championed their cause on the floor of this House.

So that, inasmuch as the opposition only want to have the matter referred to a board in which they have no confidence, while on the other hand the government make the positive declaration that they have expert opinion that this cut will not affect the industry, I have come to the conclusion that there is nothing for me but to vote with the government.

Mr. J. D. CHAPLIN (Lincoln): I think, Mr. Speaker, that in describing the speech of the hon. member who has just taken his seat (Mr. Heenan) in the way you did, you will probably meet with the approval of the House. Certainly it was an address that might properly be termed rambling, for his remarks had reference to matters that do not appertain to this House in the slightest degree. This hon. gentleman who has just spoken was a supporter of the Drury government and if there was any one man in Ontario who contributed to the defeat of that government, it was the hon. member himself. He tells us that he was mixed up with the Backus deal, that he was in on that transaction. That is generally understood in our province; it is known that he was very much in on that transaction. And that was one of the reasons why the Drury government went down to defeat. This hon. gentleman supported a government one of whose ministers, the provincial treasurer, ran the province into the hole and himself into gaol. This is the kind of man that comes here and in this parliament defends the Drury government. The proper place for him to have made his defence was in the legislature which he left. Why did he leave that legislature? Why was he not man enough to make his charges there instead of coming here for the express purpose of discussing the subject? He talks about blanket money being voted. I can tell the hon. member that he will have an opportunity to make all the protests he wants against blanket propositions when the estimates are before this House for consideration. If he wants to put as much ginger into opposition against blanket votes as he shows to-day he will have his opportunity here; he does not have to go to Ontario to do it. The hon. member tells us that he stood up in meetings with Mr. Drury, but this deal was called the Raney-Backus deal. Mr. Drury was not mixed up in it for he would not go in with the bunch of people who were in on it. The hon. member tells us that he was well in on the deal, and as I say that was pretty well understood. He also tells us that he does not know very much about the automobile business, having to take his information from older members. Well,

[Mr. Heenan.]

here is a labour man coming into the House and in face of a deputation of thousands of people, all workers who are seeking their rights, he has not one solitary word to say in their behalf. That is the kind of labour man who represents or pretends to represent labour in this House.

The hon. member has referred, as other hon. gentlemen have frequently referred in the course of this debate, to Providence having helped the government. For this budget we have evidently two benefactors to thank—one the government, and the other Providence. A charming gentleman, an old member of the House, said the other day that he thanked Providence for being on the side of the government. Well, I am willing to give Providence all the credit, and I go further and thank Providence that things are not worse. This is not the first time that we have heard of this government invoking Providence. If I remember rightly the Prime Minister (Mr. Mackenzie King), in a speech in one of the constituencies near Toronto, probably North Bay, called upon Providence to help him out of a difficult situation. According to a newspaper report:

> Mr. King pressed the point that under the constitution the Senate could not be reformed except from the outside. "I cannot ask the Governor General to let me appoint senators," he said jocularly; "I can only pray fervently to Providence to take away some of the old ones."

So that Providence has been invoked to remove senators from this sphere in order to allow Liberals to be appointed in their stead. Just imagine invoking Providence to have Mr. Duncan Marshall made a senator! It only remains for the government to supplicate Heaven to remove another senator to make room for "the Honourable" W. T. R. Preston. The newspaper report of this particular speech of the Prime Minister tells us that he made the remark "jocularly". I have heard of ministers making remarks ironically, but I am at a loss to see any occasion for jocularity in a prime minister's attitude to Providence. I have seen the right hon. gentleman here for quite a number of years, and I must say that I have never seen him in a jocular mood while on his feet. It may be that he is more jocular when he gets down on his knees.

The last time I had the honour to address this House at any length I was invited by the hon. member for Rosetown (Mr. Evans) to read from the farmers' platform what they had to say therein on the plunder on boots and shoes. I did not then have the time to go into the question, and besides I made it clear that there were other members quite as well qualified as I was to deal with the subject, indeed, better qualified inasmuch as they had

a greater knowledge of the business. I have not heard anyone opposite say one word in defence of this industry from the standpoint of the tariff. Do they realize that probably the next industry to be attacked is the boot and shoe industry? Do they realize that boots and shoes are a necessity in this country, being in demand by everyone, and that if we are to have a general tariff reduction there is no line of goods more likely to suffer than boots and shoes?

An hon. MEMBER: Furniture.

Mr. CHAPLIN (Lincoln): Furniture, did someone say? That might not suit the hon. member for North Bruce (Mr. Malcolm). I understand that the hon. member is likely to be invited into the cabinet.

Mr. MALCOLM: Thank you.

Mr. CHAPLIN (Lincoln): Well, there will be one protectionist in the cabinet, but he may be a furniture protectionist. The article in the farmers' platform which I desire to read is headed, "Plunder on Boots and Shoes." The hon. member for Rosetown wanted me to put before the House what the farmers had to say in this regard; he wanted me to show what was their attitude to the boot and shoe tariff. The article is a follows:

> Let us consider somewhat more specifically just what the protective tariff costs the people of Canada and how it affects wages. The census bureau gives the following data on the Canadian boot and shoe industry for the census year 1910:
>
> | | |
> |---|---|
> | Value of home-made product.. .. .. | $33,967,248 |
> | Number of employees.. .. .. | 17,227 |
> | Salaries and wages paid.. .. .. | $7,698,333 |
>
> During the year ending March 31, 1911, Canada imported $2,045,835 worth of boots and shoes, the duty upon which was $585,996.71.
>
> In that year the Dominion imported six times the value of boots and shoes from the United States that it did from Britain, and paid duty thereon amounting to $522,809.70, equal to 30 per cent.
>
> The value of the domestic product for that year is given as $33,967,248, of which $60,935 was exported.
>
> Now if our contention is sound that the manufacturers add the full amount of their protection to the selling price of the commodity when disposed of in the home market, the people of Canada paid for that year by way of taxes the following sums:
>
> | | |
> |---|---|
> | Customs duties.. .. .. | $ 585.996 71 |
> | To the manufacturers.. .. .. | 10,177,893 90 |
> | | $10,763,890 61 |
> | Wages and salaries paid.. .. .. | 7.698.333 00 |
> | | $3,065,557 61 |
>
> That is to say the Canadian people paid by way of taxes directly and indirectly more than $3,000,000 in excess of the total wages and salaries received by employees in the boot and shoe industry during the same period.
>
> If we were to consider the interest of the country and of the wage-earning classes alone it would have paid the people to have scrapped every boot and shoe factory in the land, handed over the workers their full wages and to have paid a direct subsidy to the government of more than $3,000,000, and the nation would have gained enormously thereby, especially if the artisan had been put at some truly productive work.

That in short, is an example of the principle laid down in this book. I did not hear any great applause when I read that article; many times before when this has been read my hon. friends to the left have applauded loudly. I would not expect to get so much applause from hon. friends opposite in that little Saskatchewan corner, but they believe in the very same principle.

Mr. MACDONALD (Glengarry): Why not?

Mr. CHAPLIN (Lincoln): That is exactly what I say; why not? I ask my hon. friends from Quebec to take notice of the fact that it is no interest of theirs that seventeen thousand people should lose their employment; I have not noticed any applause from those gentlemen respecting this proposition of the farmer's party.

There is one thing they omitted to answer in that article. In the last clause, as you will notice, they say, "and the nation would have gained enormously, especially if the artisan had been put at some truly productive work." Would my hon. friend who just interrupted tell me what productive work he would give these seventeen thousand artisans, after having closed these factories? What will become of them if that policy is carried out? They will go, as thousands of others have gone, to the United States; they will leave this country if they cannot get work.

As I said before, that illustrates the principle, and now I will read for the benefit of the House how that principle was demonstrated in connection with the boot and shoe proposition:

> As already explained, under a system of protection the consumer is compelled to pay a tax upon all imported goods that come under the tariff schedule. Upon all goods of domestic origin, produced under a protective system, the consumer must likewise pay a tax—although in this case the revenue finds its way to the bank account of private individuals alone.

I might expect my hon. friends to say that that is all right, but I want to illustrate this principle by taking another line of commodities, because it will be noticed that this booklet says, "any commodity that comes under the tariff schedule." I will give as an example the class of goods produced by the farmers, and we will see how it works out. It is said that one way of proving or disproving a case is to prove it absurd, and I will leave it to the House to judge whether or not this proves

to be an absurdity. The total value of agricultural products in Canada according to the year book of 1924, which is the latest one from which I could get complete

5 p.m. figures, amounted to $1,708,000,000. The total export of farm products for that year was valued at $503,391,402, so after deducting the exports from the total production you get the home consumption. Consequently the amount consumed within Canada totalled about $1,205,000,000. Following the same method of calculation, during the year we imported from the United States a total of $65,546,476; from the United Kingdom $64,324,300, and from other countries as well, making a total importation of $149,201,231 of agricultural products similar to those raised in Canada. The duty collected on these importations amounted, roughly, to $29,000,000 or 20 per cent. If it is correctly contended that a similar tax was collected on all the commodities produced within Canada, 20 per cent must have been collected on the total of $1,205,000,000. I ask you, Mr. Speaker, or any other hon. member where that money went; who got the money? Twenty per cent of that amount would total $240,000,000; who got away with that swag? On a basis of 600,000 farmers in Canada this would mean that each farmer got $400 of extra money. He still had the money from the goods he had exported; he had the money from the produce sold in Canada, but in addition to that he had another $400. No one knows where that money went to except my hon. friends to my left who produced this wonderful argument, and my hon. friends in the Saskatchewan corner who would back it up if they could.

Mr. McLEAN (Melfort): Does that $149,000,000 which the hon. member calls farm products include the $19,000,000 of whiskey that year?

Mr. CHAPLIN (Lincoln): I will answer that by asking the hon. gentleman to turn to our trade returns of 1924, where at page 1420 the figures from which I have quoted appear with this footnote supplied by our own officers:

> In this classification the expression "Canadian Farm Products" refers, in the case of exports, to commodities actually produced, in their original state, on Canadian farms.

Mr. McLEAN (Melfort): You were speaking of imports.

Mr. CHAPLIN (Lincoln): As to imports it says:

> In the case of imports, it covers all commodities of which the basic raw materials are such as Canadian farms produce.

[Mr. J. D. Chaplin.]

Mr. McLEAN (Melfort): Exactly, but would the hon. member answer the question whether that $149,000,000 does include the $19,000,000 approximately of alcoholic liquors that came in that year?

Mr. CHAPLIN (Lincoln): I do not think it does, but whether it does or does not has no relation at all to the argument I am making—not one particle. If the hon. gentleman wants to take out the $19,000,000, he is perfectly free to do so, and I will figure out for him how it works out.

As I was saying, Mr. Speaker, when I was interrupted, according to this calculation—and it is based upon the principle laid down in this platform—each farmer in this country not only got the money for the products he exported and for the products he sold in this country, but in addition he filched out of the pockets of the people by way of plunder—that is the word they use—another $240,000,000 that did not belong to him, and which came out of the poor consumer of this country. That is the kind of argument these gentlemen put up. And this book, Mr. Speaker, is well edited. It is called the Farmers' Platform. It was drafted by the Canadian Council of Agriculture, and has been adopted by the United Farmers of Alberta, the Saskatchewan Grain Growers' Association, the Manitoba Grain Growers' Association and the United Farmers of Ontario. I do not hear anybody getting up and cheering about the argument this book puts forward.

Now let us take another example. Let us take apples, for instance, just to show in a small way how it works out. In 1924 we imported 195,000 barrels of apples, and the duty collected was $176,000. Our total average crop—I have not seen this year's returns, but I have looked over the figures for a number of years—runs to about five or six million barrels, but taking the lower figure, 5,000,000 barrels, we exported last year 1,600,000 barrels, which would leave for home consumption 3,400,000 barrels. Now the same contention is there. According to this book, on every barrel of these apples sold for home consumption the producer put 90 cents more in his pocket. I wish to heaven, Mr. Speaker, that these gentlemen could convince our farmers in Ontario that they had received that money; I wish they could bring it to pass. But don't you see, Mr. Speaker, the thing is absurd? But it is not a bit nor a whit more absurd than the argument on the boot and shoe proposition that is made all over the country, and which we hear in this House particularly from the new members for Saskatchewan. The gentlemen to my left

do not give us that argument any more; they know better now; they have learned their lesson.

I want to refer now to some of the remarks of the Finance minister, and first of all to his statement about the increased business of the country. The minister laid some stress upon the fact that the balance of trade was very much in our favour. First of all, let me say that I do not disagree with that statement, but I do submit this, that if it is a good thing generally to have a balance of trade in our favour, then it is a good thing to have a favourable balance of trade with our largest customer. That is a sound proposition. What do we find in respect to our trade with the United States? Our exports last year increased $57,000,000, and our imports increased $100,000,000; in other words, in one year the balance of trade against us increased by $43,000,000. In 1926, to the end of March, they sold us $609,000,000 worth of goods, and we exported to them $474,000,000 worth. I submit, Mr. Speaker, that if it is a good thing, if it is logical and right, to have the balance of trade in your favour, then you had better have it in your favour as regards the people who are doing everything they can to hammer your heads off.

Let us take a few of our exports, in which we had an increase of $57,000,000, and see what they consisted of. I shall run over them briefly as I do not wish to take up very much time:

Animals	$1,300,000
Asbestos	1,800,000
Beverages, ale, beer and whiskey	6,300,000
Chemical products	1,400,000
Fertilizers, raw products, cyanamide and ammonium sulphate	900,000

As regards asbestos, we ship them our raw material; and coming to chemical products, we ship them fertilizer. We have a big plant at Niagara Falls, and we ship them the raw fertilizer and buy back the finished product. This government within the last year or so has put out of business ten fertilizer plants in this country. This one plant remains in business at Niagara Falls, using an immense quantity of power, and the fertilizer in the shape of ammonium sulphate and cyanamide is going over to the United States to be further manufactured.

Our exports of grain products increased by $3,400,000, and of grain, $4,000,000. Our exports of wheat increased, in bushels, from 5,400,000 to 9,200,000. Our exports of oats decreased by 4,000,000 bushels. Why? They did not take our oats to mix with their old wheat to make it better. We actually allow these people to take the best wheat from us, to mix with their own stuff and grade it up, and then compete with us in foreign markets. Our other increased exports were:

Hay	$1,000,000
Meats	1,600,000
Metals, aluminum, brass, copper	3,700,000
Iron, pigs, ingots, etc.	2,500,000
Farm implements	1,200,000
Nickel	2,200,000
Fresh milk and cream	1,800,000
Paper	6,700,000
Seeds	7,000,000
Vegetables	5,100,000
Wood, unmanufactured	6,000,000
Wood, manufactured, including pulp	5,000,000
Raw wool	500,000

No doubt the increase in potatoes was larger on account of the scarcity of potatoes recently. Now take the imports and let us note the difference. They are manufactured articles principally. We are sending them our raw materials and our young men also. Those materials are manufactured in United States and we take back the finished products. First of all there is binder twine. We have heard a lot about the amount of binder twine that is imported. Well, the importation has increased from twenty-four million pounds to thirty-nine million pounds or, taking the value, from $2,900,000 to $5,400,000. The import of chemical products has increased from $16,366,000 to $18,750,000. They consist principally of drugs and fertilizers. The fertilizers come back in manufactured form. Then there are paints and varnishes, finished articles. Cocoa and chocolate increased half a million; grain products increased a million; meats increased $700,000; metals increased from $146,000,000 to $196,000,000. An increase of nearly $50,000,000, and every bit of the manufacture represented by this increase could be carried on in this country. Rolling mill products increased $5,000,000; vehicles, including autos, increased from $25,000,000 to $39,000,000; oils and petroleum increased $5,000,000; silk—mostly manufactured goods—increased by $3,000,000; stone products increased by 8,000 000. Our increased trade with the United States has been principally in raw materials, commodities that they are getting short of. On the other hand we are taking from them, in constantly increasing quantities, goods that could be made to advantage in this country. I repeat, we are sending away our raw materials to be manufactured in the United States, and along with them the best of our manhood. Take some articles that we could sell, and that we should sell, to a very large consuming community. Take cheese for example. They sell us actually four times as much cheese as we sell them. On the face of it is not that most ridiculous?

Here we are, a much larger agricultural population in proportion to what they are, and they sell us four times as much cheese as we sell them.

Sir HENRY DRAYTON: And they have ten times our population.

Mr. CHAPLIN (Lincoln): Just figure it out for a minute on the basis of population. Taking their population as 120,000,000, as a result of the quantity of butter we sell to the United States each person there gets one-quarter of an ounce once a year. Why, Mr. Speaker, that is not enough to make a smell in the pan. In the matter of lard, conditions are worse. Now let us take eggs. If the people of the city of Detroit alone—I will ask my hon. friends opposite to figure this out and omit the children or babes in arms in the calculation—bought one egg once a year they would consume all the eggs we sell them in the course of twelve months. Just imagine it! If in that one city of Detroit each person had an egg once in the year they would consume more eggs than we sell the United States for the entire twelve months. And yet we open our doors to people who use us in this way. We are crazy, that is all. They treat us as mud under their feet, and we stand for it. But it is possible to bring them to time. If the government had the nerve they could fetch these people to time.

My hon. friend the "furniture minister" is not here at the moment, but I come to the article of furniture. The United States sells us $1,000,000 worth of furniture and all we sell them in the way of furniture is $22,000 worth. That is the amount we sold them last year. Why, that million dollars would keep quite a few people employed in this country. Nobody would recognize that fact any quicker than the gentleman about whom I spoke a few minutes ago.

Mr. MacLEAN (Prince): Before my hon. friend leaves that branch of the subject will he permit me to ask him a question? What happened from 1911 to 1921 when eggs were coming into this country at the rate of almost 14,000,000 dozen a year? Was my hon. friend asleep at the switch?

Mr. CHAPLIN (Lincoln): My hon. friend says they came in here?

Mr. MacLEAN (Prince): Surely.

Mr. CHAPLIN (Lincoln): Somebody possibly may have been asleep at the switch, but I am prepared, and have so stated, to advocate the imposition of a duty so that no eggs whatever will come into this country. I will not make it easier for Australian eggs or Chinese eggs or any old eggs to come into Canada either.

[Mr. J. D. Chaplin.]

Some hon. members have told us in the last few days that the United States are getting tired of the tariff, that they are going to make a change in that respect, that they are going to set matters right, that the people over there are getting sore on the tariff game. We were told that six or seven years ago. If my hon. friends opposite would get some of the old speeches and read them over they will find that the same prediction was made at that time. Do my hon. friends know what happens over there? Each time the product of another country finds its way into the United States they raise the duty a little more. What has happened quite recently? The duty on butter put up, the duty on wheat put up, and do you know what will happen next? Have hon. gentlemen observed what occurred the other day? and it is the first premonition of what is going to happen to milk and cream. We have a nice market there at present; we send them eight or ten million dollars' worth. But the other day the report was published all over the country on the authority of the Health Commissioners of New York city that the quality of the milk and cream coming into the United States from Ontario was awful—in fact this gentleman described it as "bootleg" cream, whatever that meant. Perhaps the Minister of Agriculture could tell us what bootleg cream is. I do not know what it is myself; perhaps some farmer has been transporting it in his boot. At all events these people are looking for an excuse to exclude our cream. That is all they are doing, and that is just what is going to happen. We were told too by a man who knew that cows were decreasing in the United States. "Why," he said, "the number of cows is going down all the time and the United States are bound to have imports of dairy products soon." But what is happening? I have on my desk the official statistics for the year ending 31st December last. What do we find? The United States imported $10,000,000 of milk and cream practically all from us. Of butter they imported $2,600,000; that is all the butter they imported. They exported butter to the value of $2,400,000. But mark this; in addition to this exportation of butter they exported 151,000,000 pounds of condensed and powdered milk and cream, to the value of $17,000,000. That country was able to export last year 151,000,000 pounds of powdered cream, importing only $2,100,000 worth; they exported almost the same quantity of butter, yet they tell us they are going out of the dairy busi-

ness. If they go out of the business they will have to go into it faster than they are doing in Alberta if they ever hope to catch up.

Another matter of interest to the people of the country is the income tax. I am not opposed to the minister proposing to collect income taxes from people who are striving to evade taxation by forming joint stock companies, privately held joint stock companies, for the purpose of holding the funds and thus evading taxation. I am absolutely in favour of that proposition of the minister and have no hesitation in saying so. But, Mr. Speaker, under the present proposal there will be injustice. I have in my mind the case of a public utility in my own district which operates electric light, electric power and street railway, which established small concerns in different towns under special charter, and then amalgamated them all under one charter in accordance with the law. Under this law it would seem that these different companies are to be taxed, each one on its profits, and then later the parent company will be taxed also. I do not agree at all with the principle of taxing profits twice, but in this case the profits are not only being taxed twice, but three times, and perhaps in some cases four times. I do not know whether the minister intends to make any change in that regard, but I certainly recommend that he look a little closer into it. I know of many cases of small factories that are held by companies which are entirely within families, and it appears to me that in cases of that kind it is absurd to tax the profits in the concern twice. It is ridiculous to tax the profits of the company and then tax the company again in dividends. It simply cannot be done. It would mean that you would put a premium on people evading the tax, and they can evade it. In those cases it would not be hard for the people themselves who are running the concerns which are privately held to take every dollar by way of salary, and the government would not get a dollar of company income tax at all. Why should you put any of your citizens in that position? It is not fair or right that taxes should be collected from the same money twice. This government has by its actions driven artisans out of this country, and now it proposes to follow that up by driving out the money too. As soon as you begin to tax the dollar beyond what you should, you are going to lose the dollar; just make up your mind to that.

As a matter of record, and not for anything more than the record, I find that during last year 3,061 farmers paid income tax, and paid in amounts $162,000 out of $56,000,000. Under the new tax levy many thousands of workers escape taxation, but widows and others, dependent upon their income from investments and savings, are taxed heavier than they were before. I think that is wrong and that those resolutions might very properly be amended.

What did the minister say when he spoke of these tax reductions? He said he was pleased to say that he was going to make tax reductions all along the line. Here is what he is reported as saying in Hansard:

> With a desire to make available new money for development our proposals provide reductions all along the line.

Is that statement correct? Is it in accordance with the facts? Is the reduction all along the line? I submit, Mr. Speaker, that there is a decided increase on a great deal of the line, a very decided increase, and that in no case is there any decrease all along the line. As I said before, the taxing of the same profit twice is unfair, and I feel certain that in the end it will not be in the interest of the country or of the treasury itself. I warn the minister that when the dollar is taxed excessively it will get away from us.

I wish to give some examples of the actual working out of some of these proposals, just to show what the result will be. For instance, a married man without dependent children with a salary of $5,000 and a dividend income of $5,000 more, in 1924 paid in taxes $241.50; and now he pays $290. That is no decrease along the line. The married man whose income comes from dividends in Canadian corporations, which have already paid an income tax, and whose wife has a separate income, on a $10,000 salary in 1924, paid $115.50 income tax. This year under this law he would pay $425, an increase from $115 to $425. On a $20,000 income his tax will be increased from $745 to $1,815, and on a $30,000 income the increase will be from $1,900 to $3,900—not very much decrease along the line there.

Take another schedule: a married man with an income of $10,000 derived from Canadian stocks will pay $299 50 more than he paid last year, but an unmarried man with the same income derived from foreign stocks will pay $246.50 less than he paid last year. An unmarried man with an income of $10,000 derived from dividends in Canadian companies paid last year $115.50; to-day he will pay $415. An unmarried man whose whole income is from dividends of foreign companies on an income of $10,000 last year paid $630 whereas

this year he pays only $415. A married man without dependent children whose income is $14,000, of which $7,000 is salary and $7,000 is dividends, paid $556.50 in 1924, whereas to-day he will pay $670.

A salaried man with an income of $14.000 last year paid $1,144.50, whereas this year he gets off with an income tax of $670. I do not see many of my friends the ministers here, but this fits their case; they have looked after themselves quite reasonably and I do not blame them at all. It seems to me that the ministers will naturally vote for this. I do not say that they will not get us all to vote for it. Why should they not say: Come along boys, and help us?

For the information of the House I have a schedule worked out from which I want to give half a dozen cases, and I ask permission of the House to place it upon Hansard so that the minister may have an opportunity of seeing it because I cannot imagine that he ever had the proposition worked out for himself. The schedule is as follows:

CANADIAN COMPANY DIVIDENDS

Dividends of Canadian companies paying income tax are free from normal income tax at the present time; but under the proposed amendments to the Act this benefit will not be available to stockholders in the future. Changes to the act as set forth in the budget speech have the effect of greatly increasing the amount of income tax payable by the stockholder in respect of such dividends for incomes up to approximately $50,000. For incomes in excess of $50,000 the amount of income tax to be levied in respect of dividends grows less on the increases in income than the amount payable at the present time.

The table set forth below shows the percentage taken by the income tax—both at present and as proposed—of increases in income, where such increases are derived from dividends of Canadian companies. There is also shown in the right-hand column the increase or decrease of the amended tax over that at present in force.

Increase in income	Percentage taken by income tax of increase in income when derived from dividends of Canadian companies		Amount to be taken by proposed amendments compared to that taken by present act
	Present act	Proposed act	
$ 2,000 to $ 3,000....	none	none	
3,000 to 4,000....	none	2%	Not taxed at present.
4,000 to 5,000....	none	2%	Not taxed at present.
5,000 to 6,000....	1·05%	3%	186% Increase
6,000 to 7,000....	2·10%	4%	90% "
7,000 to 8,000....	2·10%	5%	138% "
8,000 to 9,000....	3·15%	6%	90% "
9,000 to 10,000....	3·15%	7%	122% "
10,000 to 11,000....	4·20%	8%	90% "
11,000 to 12,000....	4·20%	9%	114% "
12,000 to 13,000....	5·25%	10%	90% "
13,000 to 14,000....	5·25%	11%	110% "
14,000 to 15,000....	6·30%	12%	90% "
15,000 to 16,000....	6·30%	13%	106% "
16,000 to 17,000....	7·35%	14%	90% "
17,000 to 18,000....	7·35%	15%	104% "
18,000 to 19,000....	8·40%	16%	90% "
19,000 to 20,000....	8·40%	17%	102% "
20,000 to 21,000....	9·45%	18%	90% "
21,000 to 22,000....	9·45%	19%	101% "
22,000 to 23,000....	10·50%	20%	90% "
23,000 to 24,000....	10·50%	21%	100% "
24,000 to 26,000....	11·55%	21%	82% "
26,000 to 28,000....	12·60%	21%	67% "
$28,000 to $30,000....	13·65%	22%	61% Increase
30,000 to 32,000....	14·70%	22%	50% "
32,000 to 33,000....	15·75%	22%	40% "
33,000 to 34,000....	15·75%	23%	46% "
34,000 to 36,000....	16·80%	23%	37% "
36,000 to 38,000....	17·85%	23%	29% "
38,000 to 40,000....	18·90%	24%	27% "
40,000 to 42,000....	19·95%	24%	20% "
42,000 to 43,000....	21·00%	24%	14% "
43,000 to 44,000....	21·00%	25%	19% "
44,000 to 46,000....	22·05%	25%	13% "
46,000 to 48,000....	23·10%	25%	8% "
48,000 to 50,000....	24·15%	26%	8% "
50,000 to 52,000....	25·20%	26%	3% "
52,000 to 53,000....	26·25%	26%	1% Decrease
53,000 to 54,000....	26·25%	27%	3% Increase
54,000 to 55,000....	26·25%	27%	3% "
59,000 to 60,000....	29·40%	28%	5% Decrease
64,000 to 65,000....	32·55%	29%	11% "
69,000 to 70,000....	34·65%	30%	13% "
74,000 to 75,000....	37·80%	31%	18% "
79,000 to 80,000....	39·90%	32%	20% "
84,000 to 85,000....	43·05%	33%	23% "
89,000 to 90,000....	45·15%	34%	25% "
94,000 to 95,000....	48·30%	35%	28% "
99,000 to 100,000....	50·40%	35%	29% "

For the purpose of more accurately comparing the effect of the old and new scale of taxes, it has been assumed in the above chart that the income under consideration is that of a married man without dependents.

I want to point out some glaring cases. For instances a man who to-day is paying income tax under the clause in regard to incomes from dividend, on a $5,000 income pays 186 per cent more than he paid before. On a $10,000 income the percentage is decreased somewhat; he pays 90 per cent more than he did before. On a $40,000 income the percentage is decreased still further; he pays only 20 per cent more than he paid before. On a $50,000 income he does not pay any more than he paid before. In other words this proposition is made for the rich man, not for the taxpayer of moderate means. When you come to incomes of more than $50,000 the situation is reversed. This is not a decrease all along the line; it is worse than that. It is an increase part of the line and a decrease on the very end of the line on incomes that can well afford to pay the

tax. When you come to incomes of $60,000 there is a decrease of 5 per cent; when you reach incomes of $70,000 there is a decrease of 13 per cent, and when you reach incomes of $90,000, the decrease is 25 per cent, whereas on the smaller incomes the amount of the tax is increased.

I want to say a word or two now about the Canadian National Railways. Nobody is better pleased than myself, no party is better pleased than we are, in being able to learn from the minister that the fortunes of the National Railways have shown an improvement. I trust the improvement will continue. On looking over the financial statement of the Canadian National Railways I find very little information as to expenditures on capital or branch lines and even less information as to the question of hotels. It seems to me that the shareholders of this corporation have the right to receive information on these particular items. I have lately seen it frequently stated in the press that it is in the mind of someone to enlarge the Chateau Laurier. Surely the minister does not propose any such thing as this; surely we have enough capital expenditure now. If the minister could demonstrate that these hotels had made money, the matter would be different, but I understand that every one of them has been showing losses for years. In that case why on earth we should embark on more expenditures for hotels is beyond my comprehension.

I wish to refer to one phase of this financial statement of the National Railways, because it is quite interesting to me and no doubt it will be interesting to some hon. members who have been telling us with so much elation that the profits of the road have been due to the increase in the haulage of grain, and that when you have a good crop year you have a good profit year. That is the argument they used to refute the statement that came from the railway companies directly that they were losing money on the haulage of grain. I find on looking over the tonnage revenue published in the Financial statement of the National Railways, page 33, that of material such as wheat, oats, corn, barley, flour and all these things that apply to the farm 144,000 tons less were hauled in 1925 than in 1924. If anybody can show me how you can produce an increase in profits by hauling less stuff I will give him the palm unless it be that when you are losing money on hauling material, the less you haul the better off you are. That is just what has happened in this case. For the year there is an earned profit of $32,000,000 over and above the overhead of the railway and not one cent of that was earned on the grain. That is evident on the face of the report, and if anybody were to deny it I would feel like applying to have his head read.

Where does the profit come from? The second lot of products that were hauled were products of animals and the quantity was reduced by 12,000 tons, so that no profit can be figured from that. The products of the mines show an increase in haulage of 671,000 tons. The products of the forest came up with another addition of 360,000 tons, while in the products of manufactures and miscellaneous commodities there was an increase of 1,626,000 tons. And these three articles provided the $15,000,000 profit, less of course what was made by savings. Undoubtedly the statement shows, and shows quite clearly, that savings were made in expenses. The report indicates emphatically—it is as plain as the nose on a man's face—that not one cent of that profit came from the things which hon. gentlemen of the Progressive party suggest. Not a dollar of the new money came from that source at all.

Mr. CAMPBELL: How does the hon. member account for the fact that in the months in which the largest tonnage of grain is handled the net revenues are higher than in other periods of the year?

Mr. CHAPLIN (Lincoln): I do not think the hon. gentleman is quite correct when he says that the net revenue goes up. I admit that the gross revenue may, but inasmuch as it takes some time to get in the returns I do not think he can substantiate that statement.

Mr. CAMPBELL: Yes.

Mr. CHAPLIN (Lincoln): The fact of the matter is that in this particular business no one can say where the profits come from. One would have to know when the other commodities were moved. It may be that these other commodities were carried at about the same time, and that would make some difference. But my hon. friend, who is pretty astute, knows, I am sure, that, as this statement will prove beyond the shadow of a doubt, not one cent of those additional earnings came from these products.

Mr. CAMPBELL: If the hon. member will take the trouble to look into the weekly earnings he will find that from October the net earnings begin to increase, and they come down again when the grain moving season is over.

Mr. CHAPLIN (Lincoln): Did that happen this year?

Mr. CAMPBELL: Yes.

Mr. CHAPLIN (Lincoln): If it happened this year then there was not as much grain moved as there was last year. In this business as in any other you have to spread your expenses over the year. This applies in railroading just as it does in manufacturing, and probably more so. Certain expenses in connection with the purchase of this, that and the other necessity must be spread over the year, and the account is not made up until the latter end of the year. That is what might happen in this particular case.

I want to impress upon the House the fact that while the Canadian National Railways have had a year of improved business they have still some distance to go before they are out of the woods, so to speak. According to the statement of the Canadian National Railways the deficit increased by $41,000,000. Now, we can congratulate ourselves upon the assumption that the road has pretty nearly paid its way, but you have to remember that the government is not getting one cent of interest for the large amount of money which it has invested in the railways. Indeed, as the Minister of Finance (Mr. Roob) says, that investment may have to be written down. Be that as it may, the fact is that we did not earn enough to pay even the whole of the interest that was due the outside bondholders; we were eight or ten million dollars short in that direction. There is, therefore, no use in our shaking hands with ourselves before we have passed the other stile. We have a long way yet to go, and there is no reason why we should talk about reducing rates. I want to stay the minister's hand from reducing rates to some of our friends for fear they may postpone the day when the railways will get upon a parity basis. The government of Canada have had to step into the breach and pay eight or ten million dollars to meet the interest upon bonds that were held by outsiders, and it has taken no money on account of its own investment in the road. True enough, the situation is improved, and I am glad of it. But the Canadian people do not want to lose sight of the main fact of the case, and the actual situation is as I have stated.

Last year the Minister of Finance, when he had to perform the duty of announcing a decrease in revenue of something like $50,000,000, made a virtue of necessity and took credit for having reduced taxation to that extent. He said, "we have been fifteen or twenty millions short in our sales tax collections and fifteen or twenty millions short in the customs tax. Consequently we have relieved you of so much taxation." I assume that, having treated that decline in revenue of $50,000,000 odd as so much of a reduction in taxation, the minister this year, with an increase in revenue of some $30,000,000, will put the shoe on the other foot and admit an increase of taxes on the people to that extent. That, I think, is a reasonable proposition: surely the argument cuts both ways. I notice that last year when it came to customs taxation my hon. friends to the left were quite pleased to see the amount reduced. I want to ask them how they feel now that customs taxation has increased from $108,000,000 to $127,000,000. Is the difference a matter of taxation this year, or is it an increase in revenue? Last year when there was a reduction the minister declared that he had relieved the people to that extent: now that he has increased his collections what does he say? The Minister of Public Works (Mr. King), smiles. Probably he will tell us what the Minister of Finance thinks.

Mr. KING (Kootenay): You are doing very well.

Mr. CHAPLIN (Lincoln): If that is the only answer the minister can give we will compare the figures over a number of years. In customs taxation the government collected in 1925-1926 the year just closed, $127,000,000. The year before they collected $108,000,000; and for the successive years prior to that they collected $121,000,000, $118,000,000 and $105,000,000. These were the amounts they got in customs taxation. They are pretty regular, showing neither any great reduction nor any considerable amelioration from the standpoint of the people. Let us take the sales tax: I find, under the head of Special War Tax Revenue and Sales Tax, that in 1920 the government collected $15,500,000. In 1921 there was collected $78,000,000; in 1922, $73,000,000; in 1923, $106,000,000, and in 1924, $120,000,000, in, round figures. In 1925 it fell to $85,000,000, and we were told the taxation was being reduced. This year it has risen again to $95,000,000, making this the second or third largest year during the whole period. This is the largest item next to customs revenue, and yet we are told that taxation is being reduced.

It was this government who increased the sales tax, and it is not now proposed to lessen that burden at all. The people are told that they will not be allowed to lick the stamps for the receipt tax; that the postage has been reduced, and some other little things done, which are not noticeable at all. The big taxes remain, however, and the big expenditures also remain. The trouble with this government

is that they do not know enough to economize. The hon. member who preceded me delivered a long lecture on economy; it was too bad the minister did not hear it because the hon. member who is just from the provincial House told us all about taxation, and how economical the provincial government was. This government is spending too much money; taxes are too high; we are not going to be able to compete with our great neighbour to the south unless taxation is reduced. This reduction announced by the minister is no reduction at all, but is simply an adjustment of taxes. Taxes are imposed upon those least able to bear them, and taxes are removed from those who can pay. That is what has been done with the income tax.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

PRIVATE BILLS

THIRD READING

Bill No. 20, respecting the Pacific Coast Fire Insurance Company.—Mr. Clark.

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 19, to incorporate the Agents Insurance Company.—Mr. Malcolm.

GRAND ORANGE LODGE OF BRITISH AMERICA

The House in committee on Bill No. 92, respecting the Grand Orange Lodge of British America—Mr. Hocken—Mr. Duff in the chair.

Section 1 agreed to.

On section 2—Section 1 paragraph (e) repealed.

Mr. HOCKEN: It is desired, Mr. Chairman, to put clause 2 of section 2 as clause 2 of section 3.

The CHAIRMAN: All right.

Section as amended agreed to.

Sections 3 to 8, inclusive, agreed to.

On section 9—Commencement of act.

Mr. HOCKEN: I have a slight amendment to make to this section. I move that section 9 be amended by leaving out in lines 41 and 42 the words "to be held some time in the year 1926" and substituting therefor the words "at their next meeeting following the passing of this act." The reason for that is that this bill may not pass until after the date of the meeting of 1926.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

THE BUDGET

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

The House resumed the debate on the motion of Hon. J. A. Robb (Minister of Finance), that the Speaker do now leave the chair for the House to go into Committee of Ways and Means and the proposed amendment thereto of Hon. R. J. Manion.

Mr. CHAPLIN (Lincoln): Mr. Speaker, when the House rose at six o'clock I was discussing the question of taxes and expenditure. Now I want to refer for a moment or two to the public debt. The public debt for the period from 1920 to 1926 inclusive stood each year as follows, in round figures:

1920	$2,248,000,000
1921	2,340,000,000
1922	2,422,000,000
1923	2,453,000,000
1924	2,417,000,000
1925	2,417,000,000
1926	2,395,000,000

It will be noticed that even with the credits of the present year the debt stands at $55,000,000 more than it did in 1921. There is this further fact which I consider of prime importance: In an ordinary business when a debt is paid that was incurred in or returned from a former year, we usually credit that to suspense account; we do not treat it as a part of that particular year's business. It would be misleading and wrong to say that that was the profit on that particular year's business. My contention is that any money of that sort that came in during the last fiscal year should by right be passed at once to the public debt account and should have gone for the reduction of the public debt. Had the sum we received from Great Britain on various accounts also been credited to the public debt, there would have been a greater reduction of that debt by eighty or ninety million than there is to-day. But the present government placed those receipts into the regular account just as they did in the case of other regular governmental receipts. They treated it as an item of that character and did not apply it as they should have done to the reduction of the public debt.

We have heard nothing from the Minister of Finance in respect to the Roumanian and

Grecian loans. We have not been told whether these countries have paid their obligations to Canada. Last year the government took the credit for the payment before it was known whether Roumania or Greece were going to pay or not. They have not told us anything this year as to whether these countries have kept up their payments or not; we know nothing about it.

Now I come to a consideration of the tariff resolutions announced from the budget. The first item has to do with some of the treaties that have been entered into. We had to change our tariff in conformity with some of the treaties that were made a short time ago. The first item on the schedule is meats. In other words the members in this House who are free traders, who will not stand for any kind of protection, are quite satisfied to raise the duty on meats for the benefit of another country. Why was the duty on meats raised in this case? For the benefit of Canada? Oh, no, for the benefit of Australia! Some hon. gentlemen are free traders but they can stand being protectionists for Australia. I would ask these hon. gentlemen if they will not be protectionists for the sake of their own country? Protection is good enough when it applies to some other country, but it is of no use in the interests of Canada. The Minister of the Interior (Mr. Stewart), need not laugh. Hon. gentlemen opposite go to the West Indies and make a treaty, and then they come back and submit to this House increased duties on lines of goods that are intended for the protection of people of these islands and not for the protection of the people of Canada. For example there is cocoa, coffee, ginger, nutmegs and arrowroot. If the ministry would pay a little more attention to their own people rather than to the people of other countries they would accomplish more good.

In the tariff resolutions there is a long schedule with respect to sugar. This government have changed the sugar schedule three times for the protection of the coloured people in the West Indies and to the detriment of the people of this Dominion, particularly to the disadvantage of three or four counties in the province of Ontario. This government do not believe in protection for the farmers of the counties of Kent, Lambton and Essex, but they do believe in that policy when it comes to helping coloured labour in the West Indies. That is the kind of protection that hon. gentlemen from Saskatchewan and other provinces of the west are voting for.

[Mr. J. D. Chaplin.]

There is an item in the schedule dealing with the duty on table salt. The Minister of Finance offered no explanation when he announced the item, but here it is. The article is not pure salt. It contains some mixture permitting it to enter on a basis of five per cent, ten per cent and fifteen per cent respectively. It may be all right, but it does not seem to me that it is going to be of any particular benefit to the salt industry of this country. I find also such things as bananas and fruits of all kinds, fruits that are not produced in this country at all, but as to which we are quite satisfied to tax ourselves in the interests of the people of some other country. That may be good business for those people but it does not appear to be very good business for us. I would rather put taxes upon something that would protect the Canadian people instead of the people of some other country.

Passing from the sugar schedule, the next item is "angostura bitters". I think some comment has been made upon this item already. This is where the cocktail comes into use. In the interests of those gentlemen who want to use angostura bitters the duty is reduced from $10 to $5. Can it be argued that such a reduction as that is for the benefit of the workingmen and the farmers of this country?

We come now to the serious item, which has caused a good deal of talk throughout the country, namely, the automobile schedule. Before discussing that schedule I should like, for the information of the House, to disclose what takes place in the department. We have a Finance department which makes the laws respecting duties, and then we have a Customs department which is the executive and carries out the laws that are laid down by the Finance department. When the duties were placed upon automobiles they were fixed at 35 per cent. At the time those duties were imposed no provision whatever was made in respect of the parts. Parts were not mentioned at all, and consequently the Customs department had to make a regulation covering what were parts of automobiles. In their judgment, and with the knowledge they had, they decided that the parts of an automobile consisted of the following; the wheels, the chassis, the top and the body. That constituted an automobile, and those were all the parts of an automobile. Of course the inconsistency of any such ruling will be quite apparent to anybody when I tell you that the parts of a wheel would not be considered as parts of an automobile. For instance, while a wheel is a part of the car, the hub of a wheel would not be part of a

car. That is the style of business that is being carried on in the Customs department. I am not blaming this government or any one at all, but I simply say those are matters which grew up in the department. The people in the department are not acquainted with the business they are handling.

The other day, in order to obtain some information from the department, I visited the place to ascertain the conditions there. I asked one of the chief clerks what the duty on an automobile hub was, and what do you suppose he told me? He looked through the list and found "hub blocks", and he said "the duty on that would be the same as on "hub blocks". Those who have been here for a number of years know very well that the hub block was a block made for the old style of carriage. It was an elm block with a hole through it, and this officer was going to fix the duty on automobile hubs the same as the duty on a hub block used twenty years ago! That is an illustration of the knowledge some people have of the business. When I tell the House that in an automobile there are 160 or 200 parts which have to be made or brought in—at any rate they have to be provided—for the manufacture of a car, you can see how far you can get with a department which decides in its own judgment that there are only four parts to an automobile. You can see the inconsistency and the foolishness of trying to work a Finance department and have the Customs department interpret what is in the minister's mind. I am not criticizing the minister for that at all. My remarks are not based upon that suggestion. I hope that possibly some good may come from my remarks and that it may be so arranged that men in the Finance department will know what they are doing, and what they want, or that the other people will find out what they want and do it. But that is certainly not the case in this instance.

Now we come to this situation. We find the minister has put in the tariff schedule a clause that now covers, as far as I can make out, parts of automobiles, but parts of automobiles evidently are not going to be the same parts as they were before. They must change that. What is going to be done is hard to say. One thing is sure, namely, that this clause and this automobile business cannot be properly, definitely and reasonably discussed before we see what changes are going to be made. There must be some changes. I warn the minister that under the present proposed tariff this business runs a chance of being ruined, I do not care what anybody says. Unless some changes are made the business is gone. The parts man cannot stay in business unless the automobile man remains in business. It is impossible, because if a car comes in and certain parts are to be made here, it does not make any difference how cheaply they can be manufactured here, they will never get on that car. The same thing applies to tires. If automobiles complete are allowed to come in at low rates of duty, the tire man may be willing to make his tires as cheaply as possible, yet there is no chance on earth of his getting the business; consequently you run the risk of putting the parts man out of business unless you conserve the automobile business. If, on the other hand, you decide that the automobile people can function by bringing in the car mostly manufactured, or over half manufactured, you still put your parts men on the block and their investment in this country is gone.

The hon. minister said the other day, "I discussed this matter with automobile people." He did not say that in the House, but he made that statement; I do not suppose it was particularly private. But as far as I know he never discussed the matter with the parts people and they never had a chance to discuss it with him before they came down. Here is an industry about which the minister had not the proper information. He could not get it from the Customs department, because they did not know anything about it and do not yet. He gets information from one or two sources, and I will warrant you that the information the minister got since he made the changes is a lot more than he got previously; he knows more about the difficulties now than he ever knew before. It would have been a good deal better if he had got the information a little ahead of time.

But somebody says that the people knew these changes were going to be made. The truth of the matter is that the automobile people relied on the statement of the Prime Minister, made in the cities which he visited; they relied upon his statement that there would be no changes in the tariff and that he was appointing a tariff commission. The people expected to make their representations to the proper place, and the tariff board was the place for them to go. I am not saying whether the tariff is too high or too low; I do not care, but I say that no government has any right to strike at the heart of any industry without making a proper and careful analysis of the whole situation. That in my opinion has not been done. The argument is used that Mr. Henry Ford says that automobiles are too dear. He wants free trade

in automobiles. Well it is a strange thing, Mr. Speaker, that after a man has lived to be three score years or more, and has built up a giant business in a country which has had a protective tariff quite as high as our own, he should come to us and say, "You ought to have free trade." That may be a good thing for Mr. Henry Ford, but I do not know that it is such a good thing for us or that Henry Ford should be the judge as to what is good for Canada.

Mr. KING (Kootenay): Did Henry Ford not say that it would be a good thing for the automobile industry at Windsor or at Ford city?

Mr. CHAPLIN (Lincoln): If Mr. Ford said what the minister says he said in respect to the automobile industry at Windsor, I think I would be quite entitled to ask Mr. Ford why, if he believes in free trade, he did not years ago ask the United States government for free trade in that country.

Mr. STEWART (Edmonton): That is not the point. Did he not say that it would be a good thing for the business at Windsor and that he could manufacture? It is a very hard pill to swallow, is it not?

Mr. CHAPLIN (Lincoln): I do not know whether the Minister of the Interior is making the speech or not. He is evidently trying to make my speech for me. Nobody objects more than he does when somebody else interrupts him during his speech.

Mr. STEWART (Edmonton): Not at all. I have not objected yet.

Mr. CHAPLIN (Lincoln): If Mr. Ford can make a statement in respect of Canada I certainly have just as much right to make a statement in respect of him and the United States. Let us assume that he is right and he knows his business. Let us assume that it is a good thing for Canada. I would like to ask him if it would not be a good thing for the United States. Has he ever made application to have the tariff reduced in that country? It is a fine thing for a man, after he has made hundreds of millions of dollars, to say: Certainly, boys, I am ready to do an export business all over the world and the rest of you can have free trade now. He did not say that when English automobiles were ready to be shipped into the United States some years ago. He reminds me very much of the late Andrew Carnegie, who was a steel manufacturer in the United States and whose plant formed the nucleus of the big giant, the United States Steel Corporation. Being a Scotchman, he was quite content to stay in the United States, to take the benefit of the tariff for twenty-five or thirty years in order to build up this giant business, and when he sold out to the United States Steel Corporation he suddenly became what he was originally, a Scotch free trader.

As regards automobiles and Henry Ford, if a man who is in the business desires to have free trade I would be very much inclined to give it to him. I do not see any reason why we should not; but is there any reason why the government should go to work and kill other industries? The Ford business is one by itself; it is a peculiar business. This man has built up a business on probably a different principle from that of anyone else. He started out to build one car; he stuck to that one car through thick and thin for at least fifteen years. He never changed the model; he never had any tools to make; he continued to manufacture the same thing Each year instead of putting some new contraption on his car in order to induce people to buy it, he reduced the price by fifty or a hundred dollars and he got the sales. Nobody else could do that. There was only one Ford car; it had no competitors in that particular line within a hundred to two hundred dollars of the price.

Mr. STEWART (Edmonton): Is he not an example of a man who has managed his business economically and well? Did he not do the same with the railway he purchased? He had no protection on the railway.

Mr. CHAPLIN (Lincoln): He is not the only one who has managed a business successfully. Henry Ford is in a class by himself. He makes his own steel; he has his own lumber yards, his own limits, his own mines. He buys everything at cost right down to hard tacks. That is his business and no one has any complaint to make of that. He took a railway that was bankrupt, and because of the quantity of freight he had to handle himself he could divert freight over his road and thus make it pay. Is the fact that he was able to do that any reason why you should put your own railroad out of business?

Mr. STEWART (Edmonton): Not at all. I am just drawing attention to the fact that Henry Ford never asked the United States for protection so far as I know, and that he ran a railway.

Mr. CHAPLIN (Lincoln): I never said that Mr. Ford asked for protection, but Mr. Ford lived for twenty or twenty-five years under protection and took advantage of it. He says now that his company took advan-

tage of protection in Canada and I ask the minister the question: Did he not do so in the United States too?

Mr. STEWART (Edmonton): Certainly he did, and every one of my hon. friends opposite would do the same.

Mr. CHAPLIN (Lincoln): I did not state and I never heard that Mr. Ford asked the United States government to take the duty off automobiles.

Mr. STEWART (Edmonton): The question I asked my hon. friend was: Can he state that Henry Ford ever asked for protection?

Mr. CHAPLIN (Lincoln): I never spoke to Henry Ford about the question and I cannot answer it. I would like to ask the minister a question: Is he in favour of free trade on cars?

Mr. STEWART (Edmonton): Not free trade on cars.

Mr. CHAPLIN (Lincoln): Then he is worse than Henry Ford.

Mr. STEWART (Edmonton): My hon. friend is asking me a question and I shall be glad to answer it. My hon. friend has been arguing for half an hour that no consideration was given to this question; that we plunged madly into it. We did nothing of the sort. The same statement was made about the tariff on farm implements.

Mr. CHAPLIN (Lincoln): I do not mind being asked a question, but I object to the hon. gentleman making a speech.

Mr. STEWART (Edmonton): With all due respect to the hon. gentleman, he asked the question and I answered it.

Mr. SPEAKER: The hon. member asked a question, but I think he is now asking for protection for himself.

Mr. CHAPLIN (Lincoln): I do not mind being asked the question, but I do not want the hon. gentleman to answer it too.

I am sorry the Minister of Finance is not in the chamber because I want to refer to one more item on the schedule. Hon. members will remember that some years ago I stated in this House that I approached the late Minister of Finance, the Right Hon. Mr. Fielding, with the request that he place a duty on the dyeing of silk. There was no duty in 1921 upon the article that it was proposed to put on the market and the manufacturer who was desirous of coming here to do the dyeing asked for 10 per cent protection. The minister said: Of course we are not a protectionist government and I will not make any promises, but if it looks reasonable to us I will consider the matter. In the 1922 budget the minister was good enough to place a duty of 10 per cent upon the silk dyeing industry and in my locality about $100,000 were spent by a small firm in establishing a silk dyeing industry. It so happened that the minister, along with the then Minister of Marine and Fisheries, who afterwards became Minister of Justice (Mr. Lapointe), went over to France and made a treaty with that country. By means of that treaty about one-half of the duty was cut off.

I want to refer to another act of perfidy, or, Mr. Speaker, if you consider that too strong a word, let me say another breach of faith on the part of this government. A couple of years ago, I believe in 1924, an English concern came to Canada and approached this government with a view to having a duty imposed on artificial silk, which product they were prepared to make. This company, I may say, is the largest English concern in the silk industry and one of the foremost companies of the kind in the world. They came here and interviewed the minister, submitting certain proposals as to what they would do. They offered to erect a plant at a cost of between $2,000,000 and $3,000,000 and to utilize our wood product in the making of artificial silk. We do not know what took place but at any rate the government met them, and following that interview a duty was imposed on this article At the same time a drawback was provided for the purpose of allowing people interested in the importation of this commodity to bring in their supplies in the meantime until the factory should be started. Mr. Fielding in 1923 at page 2648 of Hansard volume 3 is reported as follows:

> A new industry is promised us for the manufacture of artificial silk. It is represented to us that this industry will employ a large amount of labour and we have every reason to believe that if we can make encouraging terms a great industry will be established. We propose to make a classification in which it will be treated largely as silk, and we have every reason to hope this will lead to a very important industry being established.

The Englishmen, it appears, were not quite satisfied with the lengths to which the minister had gone, and after some further negotiations the resolutions were changed in committee to meet their views, with the result that they got the terms they desired. The drawbacks were also arranged. The company afterwards wrote to the minister and told him that they were going to be somewhat late in getting their mill going. They wanted to make sure first that their product was a success, and so

they asked the minister to continue the drawback arrangement until such time as their plant might be put into operation. The minister did so. There was passed an order in council, which I have under my hand, extending the time to December 31, 1925. A few weeks ago the government were informed that these people were now ready to produce in Canada. They had experimented long enough with the Canadian raw material to ascertain that the article they could produce here was first class. As a matter of fact it was better than they had anticipated, for they found that our wood excelled their expectations. Now, very much to their surprise, the minister brings down a budget containing an entirely new arrangement in favour of another firm who are about to begin operations in the province of Quebec. The effect of this departure of the government's is that the duty which this English firm has had on its product for three months and fifteen days is now practically removed. Three-quarters of the duty has been taken away, and these people would be stranded if it were not for their strong financial position. That is what I term an act of perfidy. It is a breach of faith on the part of this government which will do us no good in any market of the world when what has taken place becomes known. I have no brief for these people, nor have I any information other than I have been able to pick up. I may observe, however, that they came to my city because it was the centre of a small growing industry, engaged in the manufacture of silk. This is the treatment that they have received at the hands of this government. They have invested in the town of Cornwall over $2,000,000 and they employ about 500 people to-day. It is going to be two years before the firm in Quebec are ready to produce and in the meantime the product of the other people is allowed to come in practically free. In other words, 75 per cent of their finished article will come into the country under a drawback. That is the kind of treatment which this government metes out to people who come here to do business.

I think I have taken up enough of the time of the House, Mr. Speaker, and I beg to thank hon. members for the careful attention with which they have followed my observations.

Mr. A. J. MACDONALD (Glengarry): My purpose in participating in the present debate, Mr. Speaker, is to direct your attention to the fact that notwithstanding the wonderful progress of the province of Ontario along industrial lines its outstanding and predominant industry is still agriculture. Fortunately all parties concede that agriculture is our basic industry and that when this industry prospers all others prosper. In view of this fundamental fact it is reasonable to expect that the elected representatives from the province would be very much concerned with the present position of this industry, and that its requirements would evoke the sympathetic interest of hon. gentlemen opposite. I submit that it is fair to say that during the progress of this debate whatever sympathies hon. gentlemen opposite have shown have been on the whole with the protected interests.

Having been closely associated with the farming industry of my native county of Glengarry for the last thirty-five years, and having an intimate knowledge of the constant struggle on the part of the vast majority of them to make ends meet, even in that fertile county, I have endeavoured to evolve a reasonable explanation for this condition of mind on the part of hon. gentlemen opposite. Perhaps a casual analysis of the report of the Chief Electoral Officer in respect of the last general election will provide it. Looking at this report one finds that sixty-eight Conservatives were elected out of a total of eighty-two candidates. They were elected by 57 per cent of the votes polled, and 38 per cent of the total possible vote, and of these sixty-eight members, four are classified as farmers, one as a retired farmer, three as farmers and breeders of pure bred stock and one as contractor and farmer.

With all due deference to the superior training and the intellectual attainments of the many gentlemen of the learned profession in that group I submit, Mr. Speaker, that this very training precludes them from a sympathetic understanding of the problems confronting the farmers of this country and that those among them who should be sympathetic have permitted their sympathies to be dulled by their environment. How many of the elected representatives from Ontario have a clear understanding of the income and expenditure of the average farmer? Yes, how many gentlemen connected with the press of this Canada of ours have an adequate conception of the income and expenditure of our average Canadian farmer? In the final analysis the press may be held accountable for the wealth of misunderstanding prevailing in the industrial and urban centres of our fair country in this respect. In this connection I wish to direct your attention to an article in Toronto Saturday Night which was

reprinted by the Ottawa Journal of the fifth instant and which reads:

Taxes, Tariffs, Industry

When the Canadian Council of Agriculture met the cabinet the other day the members expressed themselves strongly against the reduction in the income tax. These philanthropists believe in taxation. Of course they do—for everybody but themselves. Their worry is not that they pay income taxes, but the reduction in the income tax may by hook or crook make it necessary to levy other taxes and these may get to them in time.

As for the application of the income tax, be it high or low, they have no reason to worry. Last year according to recent figures there were exactly 3,061 farmers in Canada paying income taxes, and the sum total they paid was $162,000. This chicken feed was contributed by 530 Ontario agriculturists, to the amount of $19,351. In Quebec 42 paid $3,775, which was just about half the sum that British Columbia farmers paid. In the Canadian west farmers appear to have a reasonable view in respect to their responsibilities. In Saskatchewan 1,492 farmers paid $70,956. In Alberta 663 farmers paid $49,894, though Manitoba fell down with only 171 farmers paying $6,303, but this was nearly twice what Quebec paid.

As fifty per cent of the people in Canada either live on farms or draw incomes from them the question of income taxes so far as they are concerned is rather a joke, particularly in view of the fact that upward of half of the country's wealth is derived from the farm.

Of course if the 168,000 employees who in 1925 produced $13,973,000 as their contribution toward the income tax collected, could live off their salaries in the same manner as the farmer lives off his acres, with no one to check them up, our interest in the income tax would not be of a character to keep us awake nights.

And this brings up another question. If the government proceeds to rip the vitals out of industry who is to pay the taxes? Where is the government to find that six or seven hundred million dollars necessary to meet the yearly liabilities? Land taxes look to be in sight.

In 1924 Ontario and Quebec paid $44,000,000 out of the total of $56,000,000 paid in income and war taxes, while out of $4,700,000 paid as business profits tax Ontario and Quebec contributed $3,500,000. If industry is to be sacrificed to make a holiday for the Progressive party and such part of the Liberal party as believe in such things, the time will come when a complete revision of taxation methods will be necessary to meet new conditions.

The tenor of this article suggests that inasmuch as upwards of fifty per cent of the country's wealth is derived from the farm, and fifty per cent of the people in Canada either live on the farm or draw income therefrom, the farmers are dodging the payment of income tax because there is no one to check them up. May I suggest that rather than this smug assumption on the part of the would-be saviours of this country that the men and women engaged in our basic industry are dishonest, the fact that only 3,061 farmers paid the small sum of $162,000 in income tax out of a total of $56,000,000 in the year 1924 should be a compelling reason why every man interested in the economic situation and future welfare of our country should pause and ask himself where we are drifting.

For the information of the House and those people in this country not familiar with this problem I invite you to consider seriously with me, as the importance of the subject fully warrants, the financial statement of one of our young farmers engaged in dairying and mixed farming, covering his business operations for the years 1922, 1923, 1924 and 1925. It is my firm conviction that even a superficial examination of these statements will lead to a better appreciation and understanding of many of the problems confronting us at present, and understanding it may force us, even against views honestly held, to consider our whole fiscal policy before it is too late.

This young man owns a 100-acre farm with 50 acres under cultivation, 20 acres of pasture and 30 acres of bush. The value of the farm and stock is $9,000, against which he has a mortgage for $5,000, which is not an unusual condition among the farmers of Ontario. The following are the financial statements for 1922, 1923 and 1924:

1922

Revenue—		
42,160 pounds of milk from 8 cows at $1.24 per cwt.		$523 08
Cows and cattle sold and used		108 00
Hogs sold and used		416 85
Insurance on horse killed by lightning		60 00
Eggs and poultry sold and used		87 50
Hay sold		161 00
Wood sold and used		259 75
Maple syrup sold and used		65 00
Potatoes and roots used		40 00
		$1,720 18
Expenses—		
General repairs	$129 00	
Taxes	94 35	
Fire insurance	6 50	
Feed bought for hogs	161 45	
Hired help	60 00	
Threshing and dressing	55 00	
Blacksmith bills etc	30 00	
Horse bought to replace that killed	110 00	
		646 30
Balance		$1,073 88
Annual payment on mortgage of $5,000, amortized over 20 years at 6 per cent.		435 90
Balance available for clothing, groceries, medical aid and all other necessities		$637 98

1923

Revenue—	
44,830 pounds of milk at $1.54	$690 40
Cattle sold	53 00
Hogs sold and used	382 63
Eggs and poultry sold and used	120 45
Hay sold	176 61
Maple syrup sold	77 50
Wood sold and used	306 29
Potatoes and roots used	15 00
	$1,821 86

Expenses—		
Repairs	$100 00	
Taxes	87 72	
Insurance	6 50	
Feed bought for hogs and depreciation in value	353 09	
Hired help	68 75	
Threshing and pressing	39 25	
Blacksmith bills etc	35 00	
		690 31
		$1,131 55
Annual payment on $5,000 mortgage		435 90
		$695 65

Revenue— 1924	
45,169 pounds of milk from 10 cows, at $1.39	$631 29
Cattle sold	80 90
Hogs	290 20
Eggs and poultry	172 87
Wood	575 40
Maple products	75 00
Potatoes	30 00
	$1,855 65

Expenses—		
Repairs	$149 00	
Taxes	136 84	
Insurance	6 40	
Feed for hogs and hens	199 85	
Hired help	164 00	
Threshing	19 00	
Blacksmith bills etc	43 57	
		718 66
		$1,136 99
Annual instalment		435 90
		$701 09

Just here I might remark that his 1925 statement shows an increase in revenue, and so everyone who had anything to do with the farming communities was also able to show an increase. If the farmers prosper we all prosper; every other industry in Canada will prosper as well. The 1925 statement is as follows:

9 p.m.

Revenue— 1925	
41,231 pounds of milk from 10 cows, at $1.75	$723 23
Cattle sold	151 50
Hogs	447 75
Eggs and poultry	373 86
Wood sold	361 75
Maple syrup	75 00
Grain sold	83 70
Potatoes	35 00
	$2,271 79

Expenses—		
Repairs	$110 00	
Taxes	99 48	
Insurance	640 00	
Feed for hogs	94 30	
Hired help	170 00	
Threshing	46 00	
Blacksmith and repair bills	65 00	
		591 18
		$1,680 61
Annual instalment on mortgage		435 90
Balance		$1,244 71

[Mr. A. J. Macdonald.]

I leave it to you, Mr. Speaker, if at any time in those four years the farmer whose statement I have quoted was able to qualify for the payment of income tax. I make this statement with a full knowledge of what I am saying, that the farmers of Ontario have been up against it hard, and at no time has the average farmer qualified for the payment of income tax; consequently he should not be classified as dishonest, as indeed he is not.

I think the hon. members of this House will consider that the position of the average farmer is not an enviable one. True, he and his good wife have no reason to worry over lack of work. They are assured of that for the full 365 days of the year, from sunrise to sunset, but they have serious reason to worry over the monetary returns for their labour and their opportunity to make adequate provision for their families and their own old age. I also think, Mr. Speaker, that these statements will help us materially in understanding why our people leave the farms, and why more farmers do not pay income tax. In plain words, the business has not paid.

Then, appreciating the situation of this our basic and predominant industry, I submit that it is our bounden duty to consider ways and means of remedying the situation. Our Conservative friends hold quite strongly and vigorously that they have discovered the one and only remedy, labelled Protection—higher tariffs—and they set forth as a clinching argument in its behalf the wonderful progress of our American neighbours to the south. It is our duty to take into consideration every proposition that may lead to a solution of our problems, and if the adoption of the protective principle urged by our friends opposite, and applied so stringently by the government of the United States, would solve our farm problem, then I would be quite prepared to support it. However, we have no assurance that the application of this policy has accomplished this very much desired end. On the contrary, the actual results have been quite the opposite. In this connection permit me to read from a despatch which appeared in the Montreal Standard of May 1, 1926. The article is headed Big Shrinkage in United States Farm Area Noted, and it goes on to say:

> Only pig-headed optimism will try to blink the fact that the shrinkage of farming areas in the U.S. has considerable significance for Canada.
>
> A Big Shrinkage
>
> Never before has there been a shrinkage of farming area in the U.S. as a whole. Eastern states have witnessed declines in agriculture, but these have always up to 1920 been counterbalanced by increases in the western states. Therefore, the decrease in the Ameri-

can farming area from 955,800,000 acres in 1920 to 924,800,000 in 1925 is a phenomenon of first importance. To grasp what a decrease of 31,000,000 acres in farming lands means is not easy. It means the abandonment of a farm area more than equal to the province of New Brunswick, with all its lakes, rivers, forests and waste lands. It means the abandonment of farm lands covering an area considerably greater than the empire of land the Canadian government granted to the C.P.R.

Staggers Imagination

The movement of population these figures indicates staggers imagination. In 1925 alone, the movement of people from farms to cities and towns in the U.S. was 2,035,000, according to the Washington agricultural authorities. It is as though twice the population of the three maritime provinces, or about 85 per cent of the population of Quebec, had picked up stakes and departed for somewhere else. On the other hand, there was in 1925 a movement from the cities and towns to farms of 1,135,000 people. The net movement away from the farms in one year was, however, 910,000 persons nearly the population of the Maritimes.

And that under high protection.

I submit, Mr. Speaker, that it is quite apparent that the policy of protection as urged by our Conservative friends has not worked a solution of the problem for the American farmer, nor will it do so for the farmers of this country engaged in dairying and mixed farming, whose products are on an exportable basis, and whose returns are fixed by world conditions. We cannot increase that farmer's annual income by a tariff on the main articles he produces; consequently must look to the other side of the account and endeavour to reduce the load he is now carrying. Our fiscal policy has permitted organized industry to rip the vitals out of our basic industry, composed as it is of thousands of disorganized units, and in view of this condition I am inclined to agree with the hon. member for Toronto Northwest (Mr. Church), that it is pretty nearly time that the old province of Ontario had a ginger group in this House that understood and was sympathetic with the interests of agriculture and would rally to its support whenever it was necessary. I think the industrial interests may depend in the future, as in the past, on the urban centres providing them with doughty champions even at the expense of the major portion of their electors, namely, labour.

In conclusion, Mr. Speaker, as the representative of the historic county of Glengarry, a county that has contributed much to the development of this Canada of ours, a county that has contributed much to the service of the state and can claim with just pride that her sons were ever to the front whenever the bugle sounded, a county that has to-day, proportionately, as many returned men on the farm as any other centre in the Dominion, a county whose sons are anxious to remain on the land and preserve the traditions and heritage handed down to them, I wish to assure the government that the present budget meets with the hearty approval of our people, and leads them to hope that a reasonable check upon the unreasonable exploitation of the masses of the people by the big interests is in sight.

Mr. J. R. O'NEILL (North Timiskaming): Mr. Speaker, following the lengthy and analytical discussions to which we have listened for the last three weeks on this subject, I do not deem it necessary to enter into any great forensic effort to demonstrate the economic inconsistencies of this government as evidenced by the budget submitted by the hon. Minister of Finance (Mr. Robb). I wish, however, first of all, to offer him in all sincerity my sincere congratulations for the manner in which he submitted the budget, for his clear, concise presentation of the financial status of the Dominion, and if he will permit me, I wish also to join with others in the expression of my high personal regard and esteem for him, not only because of my personal observations, but founded also on the remarks and opinions which I have heard expressed outside of this House in regard to the hon. minister. Let me add, perhaps unnecessarily, that in this regard the Minister of Finance will rise very much higher in my esteem if he will but implement the suggestions I am about to make.

As to the budget in general, on close scrutiny I am sure every honest Canadian will come to the conclusion that this fair Dominion is forced to emulate the pelican, in her piety wounding her very heart to nourish her petulant brood. A shrewd appreciation of mob psychology is demonstrated by taking the small surplus of revenue over current expenditure as an excuse to effect small economies in the interests of the average man, in preference to choosing a fearless course which would reduce the nation's debt and eventually lead to Canada's fiscal independence and national dignity.

Coming as I do from a great mining country, I think it is only proper to say a few words on the issues raised by the budget speech presented on April 15th by my hon. friend the Minister of Finance, and at the very outset I wish to express my regrets not only for what it did contain, but for several items of great national importance which it did not contain. Let me deal first with the latter.

I hope I do not find myself in any isolated position with regard to what I have in mind, but being accustomed to say exactly what I

mean, I propose to consider in detail the omissions as affecting particularly the mining industry.

Now, with particular application to the mining industry in our own country, wherein does the budget fail? First and foremost, no consideration is given to labour, the most essential element in the success of mining or any other industry. I refer especially to the homes and living conditions of the miners and those who live in mining towns.

A discovery being made, development and construction proceeds apace, a town or city springs into existence, and the inhabitants are forced to install water works and sewage systems, build roads, schools, churches, and public buildings. In one stroke they must accomplish what entails years of slow and patient growth in a farming or any other industrial community. This being done, and the mine put on a producing basis, the federal and provincial authorities step in and reap the benefit without a word of thanks or a gesture of gratitude.

Take for example, the case of a city in the province of Ontario, a city owing its birth and existence to the discovery and operation of a mine, the city of Timmins with a population of some seventeen thousand people. Under the Mining Tax Act of Ontario, that city is not allowed to levy any tax on the profits of the mine within its precincts, nor upon the mill or other mine buildings. The Ontario Mining Tax is not really a profits tax but is an arbitrary method of giving the provincial government a revenue from profitable operations in lieu of a royalty, while assuring would be investors that stability indispensable to a successful commercial enterprise. The act is based on the report of the Royal Ontario Nickel Commission of 1917, which report takes into consideration the taxing systems of every mining country in the world. Let me quote clause 5 which contains the gist of the act:

> 5. (1) Every mine in Ontario, the annual profits of which exceed $10,000, shall be liable for and the owner, manager, holder, tenant, lessee, occupier, and operator of the same shall pay an annual tax as follows:
>
> (a) Three per centum on the excess of annual profits of such mine above $10,000 and up to $1,000,000.
>
> (b) Five per centum on the excess above $1,000,000 and up to $5,000,000; six per centum on the excess above $5,000,000 and up to $10,000,000; seven per centum on the excess above $10,000,000 and up to $15,000,000, and on the annual profits above $15,000,000 a percentage or percentages increasing in like progression.

Of this amount, the provincial government allows fifty per cent up to a maximum of $35,000 to go to the local municipality. Over and above this, the federal government lifts about twice the total and contributes nothing to the municipality.

Allow me to refer to the profit and loss statement for the Hollinger Mine for the year 1925:

Taxes, province of Ontario..	$152,296 62
Municipal taxes (except residences owned in city)..	35,000 00
Dominion of Canada 1925 taxes..	388,000 00
Dominion of Canada 1924 taxes (adjustment)..	57,597 34

Not only does the federal government corral more than double the amount levied by the province but the levy is made without allowing the mine to deduct from profits the amount paid either the province or the municipality.

A further incongruity lies in the fact that with regard to the federal income taxes, no allowance is permitted for money spent by mining companies on outside ventures. As everyone knows the development of new mines is extremely hazardous in a financial sense, the proportion of payable mines to the total number of properties on which work is done, being very small. If mining organizations are going to survive they must get new mines, but as the law stands for every dollar spent by a mining company in outside prospecting, exploration, development, and equipment, a tax is paid, and even under the new tax regulations the cost to the companies is $1.04½. It seems only reasonable to ask that in view of the large, very large element of risk in the development of new properties, mining companies should be allowed to spend annually a certain percentage of their capital in outside ventures and that this money if so spent, should be exempt.

With regard to the reduction in the rate from ten and one half per cent to nine per cent, I consider it is merely a matter of shifting the burden with a net loss to the actual shareholder. As pointed out by the hon. member for Quebec West (Mr. Parent):

> If you happen to be part owner of a mine, the company first pays the income tax, and as shareholder or part owner you must also pay, so that whereas you are given consideration for depreciation only once you must pay the tax twice.

On hearing that statement I was inclined to agree with the hon. member, but on further investigation I find it is not true. There is a fifty per cent allowance on net profits for depletion of the mine, also an allowance of fifty per cent on mine dividends in the case of gold and silver and twenty-five per cent in the case of copper. No allowance is made in the case of nickel. This is an incongruity which should be rectified.

Reverting to the case of the municipality, I consider it is only fair, equitable, and just that the Dominion, spending a very small item on geology or any activity contributing to the success of provincial mining ventures—I mean comparatively speaking—should acknowledge indebtedness to the working man and help reduce his tax burden. He pays income and property tax to the municipality as well as income to the Dominion as well. To my mind, it is nothing short of robbery on the part of the federal authorities. The case is totally different from every other community. The city in question, and every mining city as a matter of fact, is situated away off on the frontier; the inhabitants are all workmen raising families, and the school question is more acute than that of housing. Why, in Timmins last year more than the provincial allowance of $35,000 was given out in charity to the workless! Yet the federal money grabber can walk off with approximately one-half million dollars without the slightest qualms of conscience. The same applies in the good old township of Tisdale, in Teck, and down through the silver region.

Recognizing the fact, Sir, that Canada's mineral industry has reached such tremendous proportions, I believe, and I am sure all hon. gentlemen in this House will agree with me, that the time is ripe for the immediate calling of a conference of representatives from the Dominion, the provinces, and the various mining associations for the purpose of framing uniform and non-duplicating tax laws and uniform mining laws in general throughout the Dominion of Canada. I have heard mining men of experience and prominence say that the federal mining laws are beyond all doubt the worst in the world, both as to acquiring and as to holding mining property. There are some irritating differences between the laws of Ontario and those in vogue in Quebec, and these could easily be ironed out before the industry becomes further established. I might add that I have heard mining men from Africa, Australia, and the United States state that Ontario mining laws worked out to greater advantage than any with which they had experience.

It might not be inadvisable here to refer to the present status of Canada's mining industry. The situation is well outlined in a report by S. J. Cooke, chief of the Mining, Metallurgical & Chemical branch of the Dominion Bureau of Statistics at Ottawa in the course of an address at the opening session of the annual meeting of the Canadian Institute of Mining and Metallurgy in Montreal, March 3rd, 1926. Reviewing the developments of the year, Mr. Cook pointed out that the production of minerals reached a value of $224,846,237, an advance of $15,262,831 over the total for 1924, and well towards the record valuation of $227,859,665 attained in 1920, when new production records were established. Among the metals the remarkable advances in the production of gold, lead and zinc were the most outstanding. Improvements in outputs marked the totals for nickel, copper, cobalt and silver. Sales of asbestos increased during the year by more than $2,000,000 to a total value of $8.995,854. Improvement in the production of other non-metallic minerals was noted in the figures for fluorspar, graphite, gypsum, natural gas, petroleum, quartz natural sodium sulphate and carbonate, salt, talc, and soapstone. Production figures for coal, feldspar, pyrites and mica were below those reported in 1924. Except in coal, losses were negligible. Coal showed a loss in tonnage amounting to 508,796 tons and as coal at the mines sold at slightly lower prices during the year the value of the output showed an even greater loss proportionally than the tonnage.

Metal mining in Ontario showed wonderful prosperity in 1925. Gold, silver, nickel, and copper were produced in abundance and in addition to these leading minerals there was a production of almost every other economic mineral with the exception of coal. British Columbia's output of lead, zinc, copper, gold and silver added greatly to Canada's mineral wealth. Quebec's asbestos fields continued to supply by far the greater part of the world's tonnage of this useful commodity; lead, zinc, gold and silver were also reported. Developments in the Rouyn field in Quebec were watched with interest by the mining world during the year. Much progress was made. Alberta, Nova Scotia and British Columbia produced large tonnages of coal in addition to other minerals. Manitoba's mines yielded gold and silver, but more important perhaps than the actual yield of metals was the fact that Manitoba's mineral area was made the subject of a more intense study during 1925, than in other years so that the prospects of production from this source were very considerably improved. New Brunswick's coal and building materials added to the total for Canada. Interest in the oil-well developments in Alberta was very keen throughout the year; it is probable that very encouraging developments will occur in the mineral industry in this province in the early future.

Upwards of 64,000 persons find employment in Canada's mining industry. Ontario, British Columbia and Nova Scotia mines alone fur-

nish employment to more than 45,000 persons. Nearly 20,000 are employed in Canada's metal mining and non-ferrous metallurgical works. About 34,000 people are employed in non-metal mining and approximately 11,000 in the production of structural materials and clay products. To these salaries and wages totalling approximately $83,000,000 are paid annually. The importance of the purchasing power represented by the employees of Canada's mining industry is sometimes not fully appreciated. Fuel and electricity constitute an expense item reaching a total of almost $20,000,000 a year; much of the progress that has been possible in the mining industry in recent years has been due to the extensive development of hydro-electric power facilities.

Investment in Canadian mines amounts to approximately $632,444,000; of which $281,828,000 is invested in metal mining and metallurgical works treating Canadian ores; $259,361,000 represents the investment in non-metal mines and $91,255,000 the cost of properties and plants producing structural materials and clay products.

Mining, now third in rank among Canada's primary industries contributes extensively to the wealth and prosperity of the Dominion. Large tonnages of freight move from and to the mines; many subsidiary industries depend upon the mining industry for their prosperity. Canada's progress in the production of mineral wealth has been notable particularly in recent years; the developments in established fields have won the confidence of the investing public; the discovery of new mineral areas has provided attractive opportunities for those of a more speculative nature; the growth and evident stability of the mineral industry stamp it as one of the great and increasing factors in Canada's industrial and commercial life.

At this point, Sir, I would refer to certain special items in the matter of the mining industry regarding the tariff and sales tax. Here is where I may find myself a bit isolated, although I am sure it is the policy of the protectionist party not to advance the interests of one class at the expense of another, and should be, of course, the policy of the government.

With regard to tariff and sales tax, the intention and the desire of the government apparently is to remove or lessen the duties on essential machinery for production in natural resources. The government has been very considerate to us, but there are a number of items where there is discrimination, due in part to the fact that the tariff takes no consideration of advances in mining and metallurgical practice, and also due in part to a lack of knowledge with regard to the machinery used by the industry. Following I might mention several items in which this appears to be the case.

[Mr. O'Neill.]

There is a considerable consumption of dehydrated borax by the mines, particularly in refining of gold bullion. Ordinary borax comes in duty free, although it is used in the manufacture of a large number of articles which themselves are protected by a duty. The only difference between borax and dehydrated borax is that in the latter some of the water is driven off, but although it is still borax, when imported in that form it pays a duty of 17½ per cent.

Mine hoists are not specifically mentioned in the tariff and because of this fact they come in under article 453 and pay a duty of 27½ per cent plus 5 per cent sales tax. Compressors and wire ropes also pay a high rate of duty and sales tax. If either hoists or compressors are used in the lumbering industry or ropes used in connection with block and tackle, they come in under reduced rate of duty and are exempt from sales tax. This appears to be discrimination against the mining industry in favor of lumbering and as they are both basic industries, there seems little excuse for it.

Rock drills come in under reduced rate of duty and together with drill steel are exempt from sales tax. Drill sharpeners however and steel tempering furnaces pay a high rate of duty and also pay the sales tax. As the two latter are used in the manufacture of the drilling bits, it would only seem reasonable that they should be at least exempt from sales tax.

Tariff item 460 provides that, "sundry articles of metal as follows, when for use exclusively in mining or metallurgical operations" shall come in duty free. It appears that the limiting of this to articles of metal is unfair, in some cases. I might point out that steel cyanide tanks come in duty and sales tax free, while wooden tanks, for the same purpose, pay a duty of 25 per cent plus 5 per cent sales tax. You know filters all have filter cloths; American filters have redwood sectors and filter cloths. A complete filter, including the canvas and Redwood sectors, come in duty free, but spare Redwood sectors pay 25 per cent duty plus 5 per cent sales tax and extra cloths or bags pay 35 per cent duty plus 5 per cent sales tax.

I might also mention that crushers, ball mills, tube mills, and so on, come in under reduced rate of duty and are exempt from sales

tax. Cyanide machinery comes in duty free and is exempt from sales tax. Between these two, however, are the classifiers, and the Department of Customs and Excise considers that classifiers do not properly belong either to the cyanide machinery or to the crushing machinery, although they are of course essential to both. Because of this classifiers have to pay 27½ per cent plus 5 per cent sales tax.

I might also mention that mine cars, and so on, are exempt from sales tax, but the rails on which they run are not. The small mine locomotives, for underground use, which are practically the same as cars, pay a duty of 35 per cent plus 5 per cent sales tax, although they are not manufactured in this country. They perform the same function for the mines as tractors do for the farmers and tractors or locomotives in lumbering operations. Farmers can bring in tractors duty free; lumbermen can bring in tractors and locomotives at 20 per cent, exempt from sales tax. Any person can buy a tractor under a duty of 27½ per cent plus sales tax, but the mine locomotive pays a duty of 35 per cent plus 5 per cent sales tax.

It seems to me that the timber used in mining operations should also be exempt from sales tax, because it is really a by-product of farming; also in view of the fact that a certain amount of clearing is done around the mine and the timber is sold. As hon. members know, it does not enter into the final product and timber once put underground has no salvage value. As used in the stopes it is essential to the operation of rock drill and steel, both of which are exempt from sales tax, and as used in the shaft it is essential to the operation of mine cages, cars and skips, which are also exempt from sales tax.

I am also inclined to think it is rather unfair to differentiate to the extent that is done between machinery for the cyanide process and machinery for concentrators, where the same machinery is used in both cases. When used in the cyanide plant it enters duty free and is free from sales tax, while the same machinery used in concentrating ores is not exempt and pays a high rate of duty. Flotation oils, et cetera, are exempt from sales tax when used in the production of a product which itself is not exempt, but when used in connection with gold or silver ores they have to pay a sales tax. These are only some of the items to which I should like to refer.

There is also the question of salt used in the refining of nickel. This is not the ordinary type of salt as manufactured in Canada, but is a rock salt which has to be imported from the United States. Rock salt used by the fishermen comes in duty free, but the nickel companies have to pay a duty of five cents per 100 pounds. The government has more or less laid down the principle of a rebate of duties on articles consumed by companies manufacturing for export. It seems to me that this should apply in the case of rock salt, because 97 to 98 per cent of the material produced in our nickel refineries is for export, and of course, as hon. members are undoubtedly aware, nickel sent into the United States has to pay a duty of three cents a pound. The salt as used in the nickel refinery is used for giving a chloridizing roast. It does not enter into the final product, being consumed in the process of manufacture. The free importation of this can affect no Canadian producer; but if the government cannot see their way clear to place this salt on the free list, I think it is only reasonable to ask for a rebate of the duty on account of the salt being consumed in the process of manufacturing a product for export. These subjects might come under the consideration of the newly-formed tariff commission; they would form excellent material on which the commission might cut their eye-teeth.

That covers some specific items to which I wish to refer, consideration of which would prove an encouragement to the mining industry, but I do not suggest for a moment that I have covered the whole field. I should like to come now to a short consideration of the iron and steel industry. Failure to adjust the specific duties on the basic forms of iron and steel so as to bring their ad valorem effect up to the general level of duties on other materials marks one of the most outstanding disappointments in the budget.

As regards the province of Ontario, this great basic industry is dependent on imported ores in spite of the fact that several companies have demonstrated what can be done by the beneficiation of low grade Canadian ores. The O'Connor holdings at Temagami, the Ko-Ko range further to the west, and the Onaman iron range, are all attractive possibilities. At Moose mountain, some thirty-five miles west of Sudbury, more than 100,000,000 tons of magnetite have been proved up by the owners. In the Atikokan district some 25,000,000 tons of magnetite have been blocked out. The deposits of non-Bessemer ore in the Michipicoten district are extensive, and millions of tons of red hematite have been taken from the Helen mine. From

the Magpie mine siderite is obtained and roasted before shipment to the blast furnaces at Sault Ste. Marie.

In central Canada our source of supply is the high grade deposit of the Mesaba range in the state of Minnesota. This is being rapidly depleted and the chief reason why it is being shipped out in a wholesale manner is because of the local taxing system. This is a case where the municipality have abused their taxing power and it pays investing capital to exhaust the supply rather than to pay tax on the ore even in place. It is for the purpose of avoiding a similar occurrence that Ontario restricts the municipal taxing powers, and in order to profit by the experience generally I say that we should have a conference between the provincial and federal authorities to arrange uniform mining taxation throughout the Dominion of Canada.

I should like to quote this statement from the editorial page of the Iron Age of April 9, 1926:

> The time is not far distant when the furnace men will not be able to obtain their ores at the low prices which prevail at present. The cream of the lake deposit is being shipped at a rapid rate, and it will not be long before the leaner ores will have to be treated to meet the demand. The supply of rich ores will not last many more years.

Commenting on the situation an editorial in the Canadian Mining Journal under date of April 9, 1926, goes on to say:

> To Canadians the iron ore situation is a matter of more importance than is generally recognized. We are producing no iron ore and have no mines ready to produce. We have an extensive iron and steel industry employing a large number of men and contributing largely to the welfare of the Dominion; but we are still depending on supplies of iron ore from other countries. The definite warnings that have been recently coming from the lake Superior iron producing states should not be ignored in Canada. For the present year there is not likely to be any difficulty in securing supplies from the United States at low prices; but the time is coming when we may have to pay dearly for our inactivity in developing iron ore resources of our own.
>
> The iron ore supply for our large iron and steel industry in Nova Scotia is fortunately assured. The operators there own very large iron ore deposits in Newfoundland and are at least drawing their supplies from within the empire if not from Canada itself. The Newfoundland iron mines together with the Nova Scotia coal mines give the industry there a firm footing which has permitted it to grow even though competition with imported iron and steel has made the business less profitable than it should be. The needed impetus to the Nova Scotia enterprise could be given by increased protection.
>
> Some action on this matter is necessary for the welfare of the iron and steel making industries in all parts of Canada; but we are here considering a problem which is more particularly of interest in the central and western provinces.
>
> In central Canada there is no satisfactory supply of either coal or iron ore.

[Mr. O'Neill.]

That is more or less an assumption.

> Here the outstanding advantage is proximity to the consumer of iron and steel and this, coupled with the business ability of the men in control of the operations, has made it possible for the iron industry to become firmly established at some centres without a domestic supply of iron ore or coal. The latter defect has been remedied as far as possible by making the coke from imported coal instead of importing the coke. For the present there is no other source of fuel. We have however other possible sources of iron ore and we should not be satisfied with the progress we are making towards utilizing them.

Hon. members will remember that the Iron Ore committee appointed by the Ontario government investigated the situation and recently presented their report recommending that the government offer a bounty of one cent per unit of iron on each long ton of merchantable iron ore marketed from Ontario mines, the "unit" being one per cent of iron in each ton of iron ore. Thus if the iron ore asayed 40 per cent iron the bounty would be forty cents per ton. This bounty is granted for a period of ten years from the date at which it became effective. In order to make this proposition a success the Dominion government was expected to assist the industry correspondingly, but so far federal aid has been confined to pious wishes.

Surely this great industry, whose status is looked upon as the barometer of the times in every thriving country, is as worthy of a subsidy as the deserted farms of this country are. The cost to Canada would not surpass the amount involved in the subvention referred to in the bill to aid colonization recently submitted to this House. It would mean infinitely more to the nation and to our railway systems.

A subject of cognate interest is that of coal. In respect to the coal situation, the budget of 1926 marks a further disappointment to the interests of Canada by reason of the government's failure to correct the mistake made last year when the duty on bituminous coal was lowered three cents instead of being raised, and their failure to make anthracite screenings dutiable at the same rate as soft coal with which it competes.

I desire now to refer to the discoveries of coal in northern Ontario. In view of the recent development in that part of the country along the Mattagami river north of the Transcontinental railway, I would call the attention of the government and of every hon. member to the possibility of solving our fuel problem in central Canada through these discoveries in northern Ontario. The possibilities of the field deserve a thorough investigation, and I would urge upon the government the advisability of immediately co-operating with the

provincial department in this respect. In the past some writers and geologists have scouted the idea of its being possible to find coal in this particular area, but the nature of the latest discoveries and the opinions of several prominent mining men make it evident that the country has a splendid future in this matter. On this point let me quote the Canadian Mining Journal of May 7, 1926. At page 483 the following appears:

> Not only do the clays and associated beds of lignite occur on the banks of the Mattagami but they are also to be found on the banks of the Missinaibi, forty miles west, so that a very wide area comes within the range of investigation.

This is the important feature:

> The clays in this section of northern Ontario were described by Joseph Keele, formerly of the Dominion Department of Mines, as belonging to the lower cretaceous series. The coal of Alberta and Saskatchewan occurs in this series. Formerly it was supposed that the lignites which are found in the same localities as the Mattagami clays were of inter-glacial origin. Now it is commonly believed they are of pre-glacial origin.

Unquestionably these coal-bearing cretaceous formations may be found to be of great national economic value when intensive exploration is carried on, but the task is too great for individual effort and every encouragement should be given immediately by both federal and provincial authorities. It has always been recognized by those interested in the coal industry in the north country that the construction of the Georgian Bay canal was indispensable to its success. One question which is now before the people of that part of the country is the construction of the Georgian bay-Ottawa river canal and the improvement of the French river to facilitate the transportation of coal and supplies by water to North Bay. This would mean a great deal to northern mining and industrial interests and this section of the system is a pressing necessity of the hour. May I at this point quote the late lamented Sir Wilfrid Laurier as he is reported in Hansard, February 23, 1914 at page 1036:

> I am so confident of the future of the country that I have no hesitation in saying that none of the resources which nature has given us in the way of transportation can be neglected, that every possible advantage of that kind should be improved. Nature has provided us with two outlets from the west, one by the St. Lawrence and the other by the Ottawa river. Both of them are needed to carry on the enormous development which must take place in the west.

My excuse for venturing to mention this subject on the present occasion is the fact that it has always been closely allied with the development of our great deposits of iron ore in the north country. I know that as the matter stands we are dealing with something that seems to trench upon the sphere of the provincial authorities, and doubtless at no distant date the whole problem must engage the earnest attention of this House. I believe the carrying out of this gigantic enterprise by private capital under federal charter depends upon determining whether or not the surplus waters in navigable streams belong to the province in which the streams flow, and I trust that the government will tell us without delay what policy they intend to pursue in relation to this important principle.

Passing from a consideration of iron ore I desire to say a word or two on the copper situation. In view of the wonderful development that is taking place in northern Quebec I should like to put on Hansard certain extracts from the London Times Trade and Engineering Supplement which will be of particular significance. I am rather inclined to believe that it is the intention of the Copper Export Association of the United States to do to the rest of the world what they imagine Great Britain did in connection with rubber. Let me quote from the paper I have just mentioned, of April 24, 1926, the following:

> The perfecting of methods of ore treatment with a view to conserving the all too limited world supplies of metals and minerals is not merely an empire problem but one which concerns mankind as a whole. Our civilization is so dependent on the use of certain metals that too much thought cannot be devoted to the prevention of waste, both in extraction and utilization. The struggle for materials of this kind will be a fruitful source of international disputes within a century or two.

That covers pretty well my views in regard to the free trade proposals of hon. gentlemen touching machinery and one thing and another. I quote further:

> With the principal exceptions of copper and lead, the British Empire is particularly well provided with deposits of the industrially important metals, both precious and base. The deficiency in copper may be merely temporary; since recent discoveries in northern Rhodesia promise a large output from that region within the next decade.

The discoveries in northern Quebec in copper are unequalled by any that have heretofore been made in the civilized world. In this connection I should like to quote from the Wall Street Journal of May 5, 1926, an article under the heading:

> Copper Trade Outlook Increasingly Bright
>
> New Export Association Representing 90 per cent of World Production, Formed to Do Away With Unjust Competition.
>
> (Special From Boston News Bureau)

This association, so far as we can ascertain, is composed not only of the copper producers of the United States but of producers in South

America, Europe, South Africa and various other countries excepting Japan which at present is standing aloof. The article says:

To prophesy better things for copper companies in general during the past two years has required an extraordinary degree of optimism. Copper shares have steadily fallen in public favour and only a few companies have made any dividend money. The rank and file have either lost money or did not make enough to compensate for the exhaustion of the ore assets. But really the outlook is far from hopeless. A new Copper Export Association, stronger and bigger than its predecessors, has been formed, and 90 per cent of the world's production is represented therein. This is the first time the so-called big producers have been able to sit around a table and agree to stop cutting each other's throats.

In only one year since 1920 have our refineries produced more copper than was shipped to foreign shores and to American manufacturers. That was in 1923, when refined output amounted 2,327,770,000 pounds against shipments of 2,314,786,000 pounds. In 1925, American refineries produced 2,704,618,000 pounds of copper a record for any war or peace period. And shipments exceeded this outpouring by about 127,000,000 pounds, bringing stocks down to 146,161,000 pounds of refined metal, the smallest since the war, and comparing with 641,474,000 pounds at the end of 1920. In 1920, in face of a huge surplus, the average price of electrolytic copper was 17.50 cents a pound. Last year it was 14¼ cents, with surplus down almost to vanishing point.

With the permission of the House I should like to put on Hansard the following table showing this statistical improvement with price trend in pounds:

——	Refined product	Shipments	End period	Average price
1st quarter 1926	692,620,000	688,372,000	150,412,000	14·00 cts.
1925	2,704,618,000	2,831,448,000	146,161,000	14·12 "
1924	2,600,664,000	2,639,568,000	272,868,000	13·02 "
1923	2,327,770,000	2,314,786,000	311,770,000	14·42 "
1922	1,577,658,000	1,814,810,000	298,786,000	13·56 "
1921	1,074,394,000	1,179,932,000	535,936,000	12·65 "
1920	1,670,759,000	1,731,406,000	641,474,000	17·50 "

This is more or less repetition, but I trust there will be no objection. The conclusion is that the consumption is still running ahead of the tremendous production, but because of cut-throat competition among copper producers their thousands of shareholders have been left profitless. On top of this I should like to quote from the editorial page of the New York Times of May 8, 1926, as follows:

Almost simultaneously the British Colonial Office announced a policy intended to raise the price of rubber, and the Copper Export Association was formed to raise the price of copper. While the objectives are similar the methods are different. Addressing the National Foreign Trade Council, Dr. Klein of the Department of Commerce said that "international commercial relations are endangered by price-fixing and other political intrusions in raw material exports, the costs of which are to be borne primarily by foreign consumers." Our copper export association is not at all political. It is a combination which our laws allow in foreign trade but forbid at home. Authorized under the Webb-Pomerene law, it aims to represent 90 per cent of the world production. To the extent that it takes the surplus off the domestic markets it is better able to raise home prices. Others may complain as well as Americans, but it is a common grievance. The copper combine does not ask foreign consumers to bear any part of our tax levies, and professes merely a desire to stabilize the price and keep it from falling below cost of production. Our constitution forbids an export tax. The British rubber export restriction raises prices of exports. This is a restriction of trade of which there is no example in our large exports of raw materials. Some of our laws lay us open to reproach for political intrusion in international commerce, but in the matter of raw materials we are more sinned against than sinning.

[Mr. O'Neill.]

This Copper Export Trading Company will be very comprehensive, including not only all the important producers and smelters of North and South America but those of Europe Africa and Australia as well. This brings us back to a consideration of our copper wealth. We do not seem to realize what has taken place in the northern part of Quebec. When you consider the holdings of South America, Spain, various parts of the United States and Australia, and realize that when they produce to their utmost, no matter how low copper goes, due to the wealth of our mines in northern Quebec we can continue to produce after they have been shut down. I would like to quote just one official statement regarding the Horne mine in the Noranda district:

A horizontal drill hole, No. 329, driven from the third level north of No. 1 shaft has cut eighteen feet of ore averaging $8 in gold and 27 per cent copper. The average gross value of this ore at 13-cent copper is $78.20 per ton.

If we are about to face a copper monopoly through the formation of an American export association I would suggest, Mr. Speaker, that it is advisable for our Department of Trade and Commerce to realize the holdings we have in the northern part of Quebec, and get in touch with the men who have that monopoly. We should be protected within the empire and the department should see that a condition similar to that experienced

in connection with rubber in the United States may not obtain in Canada with regard to copper.

I notice no mention in the budget of good roads. The section of the country from which I come would welcome very heartily any subvention or help in the form of good roads. I submit that the time has arrived when the great division between east and west should be bridged by an international highway, which should be constructed with federal assistance.

There are other considerations to which I should like to refer, and one in particular on which I touch with a certain amount of reluctance. But I take my cue from the principle enunciated in this House by the Prime Minister in the course of a recent address, when he stated that the formation of public opinion is often more important than definite legislation. In this connection I wish to make a few observations on one of the greatest problems of the day, the question of prohibition. I quote again from the New York Times of May 8, 1926. This article is written in the lighter vein, and while I am not inclined to touch on that angle, at the same time I appreciate the argument. The article is as follows:

Rustic John Barleycorn

According to the Year Book of the Department of Agriculture, bad times on the farm are to be ascribed partly to prohibition. Representative Black of New York, speaking by that book, proceeded on his own authority to place the annual loss in a single crop, the barley that no longer goes into beer, at $100,000,000. The loss in the matter of hops is "incalculable." Confronted by three farm relief bills which a floundering committee on agriculture has dumped together on a still more distracted House—bills which nobody wants, but which all Representatives confronted by farming constituencies feel obliged to take seriously—Representative Black says blandly, "Let good old beer do it"! The farmer would have prohibition. Sustained through the winter by frosty hard cider from the cellarage, soothed by elderberry wine and cherry bounce—

Not to mention our 27 per cent Niagara wine—

—he exercises his moral nature with indignation against the city man's crock of suds. And now, tardily, the effect of his crusading spirit is brought home to him. The barley crop alone once yielded him ten times as much in farm relief as the Aswell bill offers. And so, as Mr. Black urges, in the eyes of constructive statesmanship farm relief goes hand in hand with relief of urban gullets.

Here, surely, is new light on John Barleycorn. Through the ages he has been pictured as a rakish city chap, the affable familiar spirit that wets the workman's whistle and whets the politician's eloquence; that gives the last indispensable flavour to the clubman's midnight rarebit, and even flourishes in the midst of fine ladies where picnic luncheons are served. Now at last John Barleycorn emerges in his true character. He is a bearded grain. Last as first he belongs among the worthies of the farm. Spendthrift and rake? He is sown in sobriety and reaped in thrift. If for a time he is an erring and a prodigal son, he says with another repentant and home-coming rustic:

"Like him that wanders I return again;
Just to the time, not with the time exchanged,
So that myself bring water to my stain."

Banish John Barleycorn? Banish Whiskered Jack and banish all the world!

Such is the article. I wish to refer now, Sir, to prohibition particularly as it is in vogue in Ontario and in the great republic to our south. It may be looked upon as a malignant cancer destroying the very vitals of our civilization. Prohibition has defeated the very object it was designed to effect; it was supposed to elevate the moral tone of the nation, but in reality the opposite result has been accomplished. Beyond all doubt there is more liquor, of an injurious and damaging brand, consumed clandestinely to-day than was ever thought of in the days before the introduction of the present system, and unfortunately the evil effect is in evidence among a class in the community who formerly regarded an imbiber as a social pariah. In the psychological working out of prohibition it is considered a clever achievement to spier a drink under present conditions. Between the millstones of natural or inherited tendency on the one hand and the added thrilling inducements incident to prohibition, the younger generation is exposed to a moral degeneration, and is forming habits which will play havoc with society at a time when they must shoulder the responsibilities and duties of to-morrow.

Why delude ourselves on this great moral issue? Illustration is unnecessary, but to confirm our own personal observations let me refer to a conversation I overheard the other day between two travelling men, men of experience. When reference was made to the revolting effects of prohibition, one man remarked, "I have just placed an order for 275,000 pocket flasks at — " naming the town, "and in the immediate vicinity." On inquiry he was prepared to admit that the sale of these flasks was mostly to the younger set, which is an astounding fact. But the statement of the other man was even more so. He said, "I am a boiler inspector, and in making my rounds, I inspect the boilers in high schools and collegiates. On all sides the story is the same. The janitors complain of the youth of to-day in most shocking terms. They say their first duty in the morning is to go about the buildings to collect the six and eight ounce empties and the unmentionables strewn about on all sides."

Surely, Sir, the problem should be grappled with openly and courageously, and it is to be sincerely hoped that the country's morals will receive the same careful consideration as the material issues. Furthermore, the present system is debasing our medical profession and engendering a general disregard for law and authority. All head and no heart makes for sterile politics; compromise is essential. As has been well said:

> With something in them of the beast, and something of the god, mortal men can know little of unmixed emotions.

I trust that at our next provincial election our authorities will be brave enough to grapple with the situation regardless of considerations for their political future one way or the other.

There is one other suggestion I should like to make to the Minister of Finance. I have not an exhaustive knowledge and cannot say whether the scheme would be workable, but the suggestion has reached me from the north country that the metal cobalt might be used as a five-cent coinage by way of advertising a very picturesque and useful by-product for the purpose of familiarizing the public with this metal.

As to the reduction of postage, the postage was raised 50 per cent, and is now lowered only 33⅓ per cent. I might ask, what has become of the other 16⅔ per cent? In this connection I should like to refer to the underpaid staff of the Post Office department, particularly the baggagemen carrying the mail. I think too much credit should not be taken by the government for taxation reductions when these men are receiving such comparatively low pay.

It was not my intention to deal in prophetic censure of the present administration, Sir, but I must state on behalf of the great race that comes from the land where politics is the breath of life that it is a matter of supreme regret that perhaps for the first time in the history of this great Dominion no son of Erin adorns the treasury benches of Canada directly at the present time. This is felt keenly by every Irishman, especially in the province of Ontario, and the absence is interpreted as indicating that the Liberal party has lost the breed of noble blood. We all pay due respect to certain "dephlogisti-gated" Irishmen in the cabinet at the present, but at the same time we should like to see a real son of Erin adorning the treasury benches of this House. That there is not one is but another link in the catena of evidence which makes it possible to prophesy a grand victory for the old Tory party.

For the reasons I have given, Sir, I do not see how I can support the budget. I would recall again a quotation of the Great Chief "Le Grand Mort," who in his speech on the Address in 1911, stated:

> We are living under constitutional government, an elementary principle of which is that the men who form the administration must have a common policy.

Drawing the logical conclusion from that statement, I submit that I cannot support this hybrid offspring of an unnatural alliance. Before I sit down, Mr. Deputy Speaker, as this is the first occasion on which I have had the opportunity of offering a few remarks since your selection for the position which you adorn with so much dignity, may I offer you my congratulations on your elevation to your high office?

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): I feel, Mr. Speaker that it is my first duty to offer my congratulations to the hon. member for Timiskaming-North (Mr. O'Neill) for the enjoyable piece of oratory we have just listened to. His address shall indeed prove a source of inspiration to future generations, as it is replete with such literary gems as they might wish to scatter through their speeches, and it will also convey to them valuable lessons in mathematics, specially in connection with the ground rules.

Mr. Speaker, before dealing with the subject matter of this debate, I must first, not only in my own behalf, but also in the name of the French-speaking members of this House, express my sincere admiration for the commendable stand taken by the hon. member for Toronto-Northeast (Mr. Baker) who, when addressing the House on the budget, on the 6th May last, spoke in French. It was all the more gratifying to us to hear that French voice from Toronto as we know that it is inspired by a feeling of sincerity and sympathy, and that it conveys to us the lofty ideals of union, peace and harmony that obtain between the two great races living side by side in this Dominion of ours. I take great pleasure in congratulating him specially for having, as so many others have done previously, urged the use of the two official languages in this country. In view of the fact that no better opportunity could arise under the circumstances, I wish to make a plea, in behalf of my own race, for the vested rights of the French language, not only in parliament, but in the country as a whole, and I would suggest that, when the government do restore the two cent rate of postage, provision be made also for the issue of a bilingual stamp.

The budget, as brought down by the hon. Minister of Finance (Mr. Robb) whether it deals with the improvement of the economic conditions in the country, the readjustment of our financial standing, or any other matter of great national import, affords quite a diversified field of endeavour to any member wishing to take part in this debate. The population of Canada, I am sure, hailed with a feeling of hope and confidence those reductions which this government has been pleased to bring about in the income tax, the postage rate, and generally in the public expenditures of this country. The striking decrease in our national debt, the general reductions in the taxes which will be a relief to the overburdened taxpayers, the material progress shown in the management of our railways are, in my humble opinion, indicative of the ability and wisdom of those who are entrusted with the administration of public affairs, and also bear witness to their sense of duty and loyalty.

Hardly four years ago when the right hon. leader of the opposition (Mr. Meighen) and his hon. colleagues were forced by the popular will to relinquish power, the Liberal government had to carry on through the most trying conditions it had ever experienced. Unemployment was rampant all over the country. Those who now discuss most bitterly this important problem of our national life were at that time occupying the treasury benches, while the right hon. leader of the opposition was Prime Minister. It was incumbent on those hon. gentlemen enlightened by a sincere and true patriotism, to make up for such inroads on the public funds for which a prodigal and antinational administration were responsible.

An hon. MEMBER: Hear, hear!

Mr. LACOMBE (Translation): On the 15th of April last the hon. member for South Wellington (Mr. Guthrie), in the first of a series of speeches in criticism of the budget, attributed the ever-increasing prosperity of Canada to the magnificent effort of her people and to the liberality of Providence. With all due deference to the hon. member, I beg to state that under the administration of the right hon. leader of the opposition, and of his predecessor, we have been time and again blessed with the gifts of a bountiful Providence and with abundant crops, but the governments then in power did not know how to make the best, in the interest of the Canadian people, of the great opportunities offered by an incomparable nature and the liberality of a generous Providence. Throughout the country, in our immense western plains as in our rich and fertile eastern regions, when the products of the soil were reaching a promising maturity, when the first and best interests of Canada and her fondest hopes commanded our leaders to act with extreme prudence and to the best advantage of our country, yet too young to be sacrificed on the altar of an exaggerated and blind loyalty, by striking agriculture at its very heart they wrenched from the Canadian farmer his vitality, his strength and the vigorous arms necessary to gather the crop. What has been the result of that guilty enthusiasm? An overwhelming debt, taxation, the instigation of strikes and often misery and agony. So, on December 6, 1921, from one end of the country to the other, there was but one voice to condemn the costly policies of our predecessors. Then the Liberal government entered upon its work of economic restoration, of readjustment of our finances with the generous and sane support of the mandatories of the people. This is why, in a magnificent effort of energy and loyalty our leaders go on legislating for the common weal, with a sentiment of doing their duty and of acting in the public interest.

Allow me, now, Mr. Speaker, to express my views in regard to our tariff policy. I see that the government has cut down the duty on automobiles entering the country, leaving however to our national industry a protection of 20 to 27½ per cent. Especially in the course of the last decade the automobile industry has given our commerce a tremendous impetus and it is to be counted among the great factors of progress. Even agriculture finds it most advantageous. A touring car had been considered for a long time as a luxury reserved exclusively to people of means. With a true humanitarian outlook our leaders realized that those who toil, work and suffer during long hours of a protracted labour have a right to a share of the rest, of the well-earned relaxation, and of the happiness enjoyed by the rich and the powerful. I believe that will, more than anything else be to their credit.

In a country like ours, with such diversified interests, with aspirations often incompatible, the tariff must not sacrifice the interests of one class towards benefiting another, nor injure the rights of anyone. That is why the Liberal government is an enemy to all monopolies and condemns those who impose upon the people. Besides, what did we see under the system of high protection favoured by our predecessors? Our imports were very much in excess of our exports and the balance of trade was turning more and more against us from day to day. My hon. friend the

former minister of Finance (Sir Henry Drayton), who is now laughing, is well aware of the fact. Speaking on behalf of the government the minister of Finance recently announced to the delight of all the Canadian people that our domestic and foreign trade was making considerable strides, giving Canada a favourable balance of trade of over four hundred million dollars. Are we not entitled to take some pride in our country when it so readily comes out victorious of the nearly insurmountable difficulties which beset it through the inefficiency of a prodigal and incompetent administration? That is why, Mr. Speaker, I am loath to accept the views of certain large interests and contributors to the electoral funds of hon. gentlemen opposite, who apparently are very much put out by the cutting down of the tariff duties on automobiles. On the contrary, the price of the cars being much lower and within the reach of almost everybody, there will be, as a consequence, an increased demand. Therefore, instead of hampering that industry the government are expanding it and giving it a new impulse. I shall go further and, according to the principle that I laid down a moment ago, that the automobile had become a prime necessity, I do not hesitate to say that it would be unfair, in order to give one industry an exaggerated protection, to deprive the farming and other Canadian industries of the valuable opportunity to progress and to reach their goal. But should the buying of a car affect the welfare of the poorer class by making them the victim of an exaggerated luxury, I should at once disapprove of the expenditure that the fondness for the automobile involves.

Did hon. members opposite, absorbed as they are in the earnestness of their policy of protection, ever think for one moment of the interests and the unquestionable rights of the consumer? Do they forget that an increase of the tariff means more taxation for the people? Do they forget that the Canadian producer is continually requesting the government to find new markets for his products and that the one truly national tariff policy is that which is beneficial to all and hurts nobody. That is what this government had in mind when it established new business connections with European countries. After all, is it not the way of founding the public administration on the principles of sound political economy? Therefore I am glad to pay this compliment to the present members of our government that owing to their sane and enlightened administration Canada is recovering from the crisis that followed the war better than any other country in the world.

[Mr. Lacombe.]

The present budget evidences a state of welfare akin to prosperity and none are more jealous of it than our opponents. Let me tell them very sincerely that pertinacity, economy, wisdom and efficiency, in conjunction with the so valuable and so varied natural resources of this country, can solve all difficulties, even to paying off the enormous indebtedness that they forced upon us.

I also notice with pleasure quite a substantial reduction in the postal rates. That reduction relieves all classes of the community: manufacturers, business men, farmers, professional and labour men and will give a new impulse to every line of commercial activity.

The repeal of the receipt tax will be received by the people with a good deal of satisfaction, for apart from the inconvenience inseparable from all taxation, that was the cause of numerous misunderstandings and much trouble.

Realizing that the small wage earners and those who have not the advantage of being wealthy are entitled to as much aid and fair play as possible, this government thought proper to make some alterations in the income tax act. It is a striking contrast as between the present administration who are not sparing of care for those who need it the most, and the former Tory government whose protection seemed to be applied only to people favored with a fat purse. In support of this statement I need but point out the income tax exemptions granted by the conservative government to Victory bond subscribers.

Mr. Speaker, before concluding these few remarks, let me take up in this House a statement made recently by the hon. member for South Winnipeg (Mr. Rogers) at Montreal, being the repetition of the ever recurring wail of an opposition thankering for power. "Where is the government," said he before the so-called Liberal-Conservative association of that city. I do not know, Mr. Speaker, that the government is anywhere but in the majority of the representatives of the people and only partisans lured by the desire of power can deny it. Does the hon. member forget that the people of this country have eloquently ratified the decision taken by our leaders to summon parliament and to rule with the majority of its members? Does he forget that the government have won victory after victory in all the by-elections since held and have splendidly increased the majorities received by their supporters in the general election of October 29 last? When hon. members wrongly assert that there is no legislation before the House, I wonder whether they are

not suffering from the same delusion that blinded them at the opening of the session. But in spite of the erroneous statements spread about by their opponents, the Liberal administration are pursuing their work of economic reconstruction, always progressing in the path of prosperity and carrying out very well the task with which they were entrusted by the people of this country.

Mr. RAYMOND MORAND (East Essex) (Translation): Mr. Speaker, may I be allowed, at the outset of my remarks, to offer my sincere congratulations to the hon. member for Laval-Two Mountains (Mr. Lacombe) for the splendid address he has just delivered. His speech was carefully worded. I realize that, in order to support a Liberal budget, a careful preparation is essential to any one coming from the old Conservative province of Quebec.

Mr. PERRAS (Translation): Where did the hon. member gather such a notion?

Mr. LACOMBE (Translation): Will my hon. friend allow me to ask him on what grounds he makes this statement that the province of Quebec is Conservative?

Mr. MORAND (Translation): Judging from their ways as a whole.

Mr. RHEAUME (Translation): Except their way of voting.

Mr. LACOMBE (Translation): Would my hon. friend tell us what are the ways he has in mind.

Mr. MORAND (Translation): I except their way of voting.

I do not propose, Mr. Speaker, to take up very much of the time of the House with the comments I wish to offer on the budget.

An hon. MEMBER (Translation): Speak French.

Mr. MORAND (Translation): I would be delighted indeed to deliver my address in French but it having been drafted in the English language, I shall use the latter.

The present budget has been hailed as the poor man's budget. It has frequently been characterized as such by hon. gentlemen opposite. But my idea of a poor man is not he who lacks by $20 or $50 the amount necessary to purchase an automobile, or he who, with a family, is going to escape paying income tax although he earns from $2,000 upwards. That is not the type of poor man I have been accustomed to meeting. I have spent my lifetime in the practice of medicine among the workingmen of an industrial city, and I can assure the House that when we speak of poor men the class I mentioned a moment ago do not come within that category. However, there has been a reduction in the income tax, a welcome reduction, a reduction that everyone I am quite sure is pleased to see. But that reduction would have been still more welcome had it been a reduction in the true sense of the word, and not a transfer from one class of taxpayers to the other. The reduction would also have been more welcome had it been due to the exercise of real economy on the part of the government. Had the government, through their mouth-piece, the Minister of Finance (Mr. Robb) declared that they had so reduced the expenditures of the country that they were prepared to lower taxation, that would have been a reduction in the real sense of the term. But the government merely proclaimed that they had collected more taxes than were needed, and were therefore in a position to reduce taxation.

What are the facts when it comes to the practise of economy by the government? May I illustrate, by reading from a page of the Auditor General's report, how the government practises the economy which, properly carried out, would enable the taxation to be reduced? The figures I am about to quote may be of special interest to some of my compatriots in the province of Quebec who very often accuse the Conservative party of being too imperialistic, and of being willing to go to any extreme in carrying out imperial ideas. The quotation I am going to make from the report of the Auditor General has to do with the purchase of the Union Club property in London, England, the headquarters of the Canadian High Commissioner, and the items with which it deals are as follows:

Purchase price of Union Club property, £225,000 (£100 paid in 1923-24); stamp duty on assignment, £2,250; land registration fee, £225..	$1,008,950 08
Ground rent: adjustment to July 10, rent and tax, $5,570.93, rent, 6 m. to January 10, 1925, $4,866.67..	10,437 60
Valuation of leasehold, Knight, Frank & Rutley..	511 00
Alterations and additions to building, Trollope & Colls, Limited, on account contract..	233,600 00
Architect, Septimus Warwick: on account services re contract, $24,333.33; services re furnishings, $2,409..	26,742 33
Clerk of works, F. J. Pitts, services, 40 weeks..	1,946 67
Furnishings purchased in England: Spink & Co., 2 bookcases, $1,887.16. 5 chandeliers, $1,788.50, 2 chairs, $171.67; Vigo Art Galleries, Agra carpet, $1,102.18; Waring & Gillow, 12 pr. curtains, $2,044, 4 chairs, $584, settee, $279.84; small accounts satinwood table, $803, walnut table, $187.80, 2 chairs, $184.93, pair corner cabinets, $180.07, 19 fenders, $155.73, sundry, $255.75..	9,624 63

Furniture purchased in Canada on account: F. E. Coombe Co., $1,500; Krug Furn. Co., $800; Andrew Malcolm Co., $2,200; Mitchell & McGill, $1,300; Office Specialty Mfg Co., $4,000..	9,800 00
General expenses: insurance, $197.20; temporary quarters for caretaker, $146; electricity and gas, $110.96; water rates, to June, 1924, $300.83; small items, $54.58..	809 57
Total..	$1,302,421 88

The other day the hon. member for Bonaventure (Mr. Marcil) read parts of an editorial in the Border Cities Star, which he said lauded the present budget, and he contended that it showed that the budget must be proper because this paper was published in the automobile centre. He is an old politician; he read that part which served his purpose and left out the rest of it. In order that it may be complete I will read the rest of it. It says:

From the policy point of view, the reduction of automobile tariffs is most drastic. This reduction hits all makes. On cars up to $1,200 in value, the duty is cut to 20 per cent. Over that, the duty is cut to 27½ per cent. There is a drawback of 25 per cent., which, auto manufacturers claims, will not help the industry to any great extent.

Aside from political interests, the auto tariff reduction is a strange reversal of the policy announced in the Speech from the Throne. That announcement was that a tariff board would be formed to which tariff matters would be referred for advice regarding changes. The tariff board has been named, and is ready to function. Yet without the slightest reference to it, and in face of the strongest protests from automobile manufacturers themselves, the tariff has been almost halved.

The action may have a serious effect on the work of the tariff board. People will gain the idea that formation of the tariff advisory body is merely a gesture, that it is designed to function where convenient and to be ignored where otherwise. For the sake of appearances, it for nothing else, it would have been good business to delay action for a year until the needs of the industry were investigated. But Mr. King was between the devil and the deep blue sea, apparently. No tariff reduction, no support from the Progressives, and consequently no government. That was about the situation. It has been met by the simple method of yielding to political expediency.

The Minister of Finance in presenting the budget said there was a sentiment in the country which demanded a reduction in the automobile duties. I wonder where he gets the idea that that sentiment exists. A year ago there was a vote in this House on an amendment proposed by the hon. member for Macleod (Mr. Coote), the present member for that constituency, which was defeated in this House. This year the same amendment was presented, and by a very nice move from the Liberal ranks a vote was prevented from being taken. Yet the minister seems to have sensed the feeling of the country that it was time for a reduction. I maintain that the people were not interested whether there was a tariff or no tariff placed on automobiles. They were interested in getting the automobiles at a lower price, and it was the duty of this government to see that the price of automobiles was reduced, always with the idea in view of maintaining and continuing that industry in Canada. In speaking to the motion of the hon. member for Macleod, all that I and the other members on this side asked was that this matter be referred to the tariff board to study its many ramifications and to make the necessary adjustments to lower the price of the automobiles and to maintain our industry. I venture to say right now that the Minister of Finance wishes he had taken that course; because had he done so he would have a great deal less trouble on his hands than he has at the present time.

The most unfortunate part of the action taken in this respect—taken, I may say, after the most definite statement in the Speech from the Throne that nothing of the kind would be done without proper investigation, and after all the speeches made in the campaign previous to the election—places our industries in a position where they will be fearful of future commitments, and causes our capitalists to be afraid to make investments to develop Canada American capital has been coming over here; in the city of Windsor and in the border cities American capital is being invested constantly We look forward to the investment of much more, but with the constant tinkering and cutting of the tariff without warning year after year we cannot expect them to come to our country and make investments. Fortunately our city is growing and will continue to grow. It will grow on the overflow of people coming to Detroit that the policy of the Liberal party sends from other parts of Canada.

We see some strange anomalies in the policy of this government when it attempts to deal with the tariff. When the duty was reduced upon certain articles which France shipped or sent to Canada, we asked for something from France in return. We negotiated a treaty. The matter was discussed on the floor of the House and the treaty was passed; we got something in return. We did the same thing with our sister colony of Australia. When we reduced the duty on articles coming from Australia we got something in return for it. We reduced the duty on sugar coming from the West Indies, and we got something in return for that. But when we reduce the duty on things coming from the United States we give it to them as a pure gift, and get nothing for it. If the Finance minister were

sure of his ground; if he were convinced that this industry could stand a cut in the tariff, he might have negotiated with the United States and got something in return. He might have prevented the United States from raising their duty on butter a short time ago. He might have opened a market through the high tariff wall of the United States for some of the farmers' goods that we could ship over there. But no; year after year we in Canada, in our magnanimous kindness, give all these things to the United States and say to them, "We do not want anything in return." What is the power, what is the impatience that insists on our opening our markets to the United States and asking nothing in return? Is there a well organized determination to prevent Canada from developing industrially? Is it the idea that we shall make Canada nothing but a farming country? Are we not to have industry in this country for those who do not desire to use the farm as a means of livelihood? Will it be necessary for our people to leave Canada to find employment somewhere else than in farming?

The duty on automobiles was 35 per cent. What will be next year's cut if this government remains in power? What other industries will be injured? I am going to read a list of the industries which have protection equal to that of the automobile, and I would like the government to give us an idea which of these industries will be hit next. They are as follows:

Article	Tariff Per cent
Boots and shoes	30
Clothing—ladies'	35
Clothing—mens'	25
Locomotives	35
Cotton cloth	25 to 32½
Hosiery and knit goods	35
Tools	30
Shipbuilding	25
Furniture	30 to 35
Pianos and organs (free parts)	30
Silk goods	37½
Gloves and mitts	35

Most of these articles are manufactured not in Ontario but in Quebec, and I would suggest to my compatriots from that province, now that they have lost control of their party, now that their party has passed into the hands of the western group, they can expect little mercy from them. The rest of those things which are manufactured in Quebec will quite likely be the next ones to fall by the wayside.

A few minutes ago there was a good deal of discussion in regard to statements made by Mr. Ford as to the value of free trade and I wish to make just one or two remarks concerning this. First of all, on September 5, 1915, Henry Ford stated in the Detroit Journal that he would build a tractor plant in Canada which would employ 10,000 men; that he had bought 50 acres of land for that purpose and that he was ready to build the plant. The duty was eventually removed from tractors; Mr. Ford still has the 50 acres of land; but the tractors are made in the United States, shipped into Canada, and we have not the 10,000 employees. The same thing would have happened had we no duty on Ford cars. We would have no plant in Ford city in Canada; the cars would be shipped from the parent plant in Detroit.

The original duty on cars was 20 per cent, and in the earlier years of the Ford plant at Ford, when Mr. Ford was a director, through pressure brought to bear upon the then Liberal government by the Hon. R. F. Sutherland, the duty was raised from 20 per cent to 35 per cent. That was at the demand of the directors of the Ford plant, before Mr. Ford had become so wealthy and so full of high ideals and while he was still thinking of the practical things of life.

I do not propose to take up any more of the time of the House; I have spoken already too often for a new member. I hope sincerely that the Minister of Finance will reconsider his budget resolutions; that he will take seriously into consideration those men and women who are depending upon that industry for their livelihood, those men who have bought homes and started to pay for them, those men who have decided upon certain cities as their places of residence; that he will so arrange this matter that we shall continue to have the industry and to keep these towns prosperous, and that we shall forget many of the free trade speeches made by a certain wing of the party, speeches which if carried to their logical conclusion will turn this country into nothing but pastoral land.

On motion of Mr. Maclean (York) the debate was adjourned.

On motion of Mr. Robb the House adjourned at 10.45 p.m.

Wednesday, May 12, 1926

The House met at three o'clock.

PRIVATE BILLS COMMITTEE

Mr. GEORGE PARENT (Quebec West) presented the third report of the select standing committee on Miscellaneous Private Bills.

He said: I move that in accordance with the recommendations contained in the third report of the select standing committee on Mis-

cellaneous Private Bills the fee and charges paid on Bill No. 11, to incorporate the President of the Lethbridge Stake be refunded less the cost of printing and translation.

Motion agreed to.

SELECT STANDING COMMITTEES—CHANGES IN MEMBERSHIP

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the name of Miss Macphail be substituted for that of Mr. Fansher on the select standing committee on Railways, Canals and Telegraph Lines, and that the name of Mr. Fansher be substituted for that of Miss Macphail on the select standing committee on Agriculture and Colonization.

Motion agreed to.

Mr. MACKENZIE KING moved that the name of Mr. Cantley be substituted for that of Mr. Nicholson on the special committee appointed to consider the present sources of supply in anthracite and bituminous coal, and other matters in relation thereto.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GEODETIC BRANCH—EXPENDITURE

Mr. FAFARD:

1. What amount of money was spent by the Geodetic branch in 1923-24-25?

2. What amount was spent in each province in each of said years?

Hon. Mr. STEWART:

1.

1923-24	$302,225 37
1924-25	265,369 62
1925-26 (approx.)	265,445 81
Total	$833,040 80

2.

	1923	1924	Approximate 1925
Yukon (Mt. Logan Expedition)			$ 1,539 28
British Columbia	$ 17,385 73	$ 32,975 19	19,029 29
Alberta	3,757 20	8,451 14	14,854 30
Saskatchewan	6,135 24	6,171 40	956 95
Manitoba	6,995 40	21,301 90	9,262 04
Ontario	14,310 73	18,743 30	19,493 01
Quebec	56,799 95	27,980 97	32,882 75
New Brunswick	13,013 15	11,309 40	11,388 14
Nova Scotia	14,300 37	5,129 21	2,573 41
Prince Edward Island		341 47	1,898 02
Head Office, Ottawa, not apportioned. Compilation and dissemination of data including drafting, printing of maps etc.	169,527 60	132,965 64	151,204 62
Total	$ 302,225 37	$ 265,369 62	$ 265,445 81

Note: Figures for 1925-1926 are only approximate as complete returns have not yet been received.

TOPOGRAPHICAL BRANCH—EXPENDITURE

Mr. FAFARD:

1. What amount of money was spent by the Topographical branch in 1923-24-25?

2. What amount was spent in each province?

3. What is the approximate cost per square mile?

Hon. Mr. STEWART:

1.

1923-24	$ 526,340 45
1924-25	481,065 20
1925-26	398,121 42
Total	$1,405,527 07

2.

Field parties—	1923-24	1924-25	1925-26
Manitoba	$ 16,604 89	$ 22,191 12	$ 12,056 14
Saskatchewan	56,531 28	29,747 42	8,094 43
Alberta	68,110 07	66,666 76	20,348 51
British Columbia	26,944 87	15,284 23	15,253 59
Northwest Territory	21,578 64	13,572 31	10,419 18
Ontario	452 12	73 73	17,388 10
Quebec	7,369 74	16,081 01	12,949 94
New Brunswick	8,512 96	7,169 21	6,405 87
Nova Scotia	9,939 90	14,854 00	15,300 08
Yukon	3,653 45	3,000 00	
Head office, Ottawa not apportioned. Compilation and dissemination of data including drafting, printing of maps, etc	306,642 53	292,425 41	279,905 58
Total	$ 526,340 45	$ 481,065 20	$ 398,121 42

Note: Figures for 1925-1926 are only approximate as complete returns have not yet been received.

3. Revision of the sectional maps approximately $3 per square mile. Detailed maps from $25 to $30 per square mile.

EXPENDITURE ON IMMIGRATION

Mr. DOUCET:

1. How much money was spent on immigration: (a) from the British Isles; (b) from the United States; (c) from the continent of Europe during each fiscal year from 1920-21 to 1925-26?

Hon. Mr. STEWART:

	(a) Great Britain	(b) United States	(c) Continent of Europe
1920-21	$423,562.92	$456,870.41	
1921-22	302,373.04	419,956.92	
1922-23	332,610.09	525,363.90	$51,353.54
1923-24	523,318.03	549,355.76	87,711.15
1924-25	679,599.67	363,740.21	87,557.73
*1925-26	515,051.20	381,440.45	59,508.84

*11 months ending February 28, 1926.

SOLDIER SETTLEMENT BOARD—STATUS OF EMPLOYEES

Mr. LADNER:

1. Are employees of the Soldier Settlement Board classed as temporary employees?

2. Are temporary employees of even five years and more standing deprived of the annual increases which permanent employees receive?

3. Are temporary employees ineligible under the Superannuation Act?

4. In view of the work presently handled by the Soldier Settlement Board and the work which will likely be placed on said board in the revaluation of soldier lands, is it the intention of the government to reduce the staffs of said board?

5. Is the government aware that practically all members of the staff of the said board at Vancouver are returned soldiers and married men, have had six years' service or more and are still temporary employees?

6. Is it the intention of the government to place the said employees in the permanent civil service, especially in view of Privy Council orders 2958 and 3560, giving authority for same?

7. In view of the probable amendments to the Civil Service Act, 1918, is it the intention of the government to place the employees of the Soldier Settlement Board on the same footing as those who have been appointed under the said Act?

Hon. Mr. STEWART:

1. There are twelve permanent employees. The balance of the staff numbering 482 is by order in council exempt from the provisions of the Civil Service Act and in so far as it is thus exempt it is regarded as temporary staff.

2. Only permanent employees appointed under the Civil Service Act and classified by the Civil Service Commission are eligible for statutory annual increases.

3. Yes.

4. No.

5. Yes.

6. Under consideration.

7. Under consideration.

MR. J. C. BLANCHET

Mr. DOUCET:

1. Was Mr. J. C. Blanchet postmaster of Chartierville, Compton county?

2. If so, when was he so appointed, on whose recommendation, and, what is the salary paid said post office?

Hon. Mr. MACKENZIE KING (for Mr. Lapointe):

1. Yes.

2. 1st May, 1905, on recomendation of the member for the constituency. Present salary and allownaces, $310.89.

TAR SAND AREA OF ALBERTA—DRILLING OPERATIONS

Mr. ARMSTRONG (East Lambton):

1. Did the government do any drilling in the tar sand area of Alberta during the last year, and if so, where was the well located, and what was the depth reached, and what was the object in drilling the well?

2. Is it the intention of the government to carry on operations on said well during the present year, and if so, when are these operations to start?

3. Are the drilling rig and tools used in this work owned by the government, and if not, by whom are they owned?

4. What is the amount of money expended on this work up to date, and under whose instructions is the work carried on?

Hon. Mr. STEWART:

1. Yes. Two test holes were drilled on river lot 13, McMurray settlement, township 89, range 9, west of 4th meridian, to a depth of 83 feet and 237 feet respectively, in order to obtain samples of the underlying strata containing unoxidized bitumens and oils.

2. No, but it is planned to take samples from other localities in the same district.

3. The drilling rig used last year was loaned, without charge, by the Northern Alberta Exploration Company. The tools used were the property of the government.

4. Direct charges for wages, board, and transportation amounted to $2,418. These operations were carried out under instructions of the Director of the Mines branch issued under departmental authority.

UNOPPOSED MOTION FOR PAPERS

INDIAN AGENT AT CARDSTON

Mr. DAVIS:

For a copy of all letters, telegrams, correspondence and other documents exchanged between the department and any persons whomsoever, with regard to the suspension of Indian Agent Faunt of the Blood Indian reserve at Cardston. Also a copy of the report sent to the department by Inspector Christensen of Regina in this connection.

Hon. Mr. STEWART: As this matter is now under investigation I would not be prepared to bring down all the papers. I can furnish all the correspondence except such letters as may prove to be a reflection on the integrity of the agent. I do not care to do that at the moment. I will ask my hon. friend either to allow me to bring down such papers as will not affect the investigation that is going on, or permit the motion to stand until the investigation is completed which I hope it will be in a short time.

Mr. DAVIS: I do not object to letting the matter stand provided the correspondence in connection with the matter will be brought down within a reasonable period of time.

Mr. SPEAKER: The motion stands.

[Mr. C. A. Stewart.]

IMMIGRANTS AFFLICTED WITH LEPROSY

On the Orders of the Day:

Mr. GEORGE PARENT (Quebec West): I am informed, and a rumour is current to the effect, that all persons afflicted with leprosy who seek admission to Canada as immigrants are to be concentrated at Grosse Ile, near the city of Quebec. I should like to know from the government whether there is any truth in the report.

Hon. J. C. ELLIOTT (Minister of Health): I may say that certain negotiations have taken place between officials of the federal Department of Health and the provinces, but no decision has been arrived at.

Sir HENRY DRAYTON: May I ask whether these negotiations have to do with the importation of lepers?

Mr. ELLIOTT: Does my hon. friend expect an answer to that question?

IMPORTATION OF PLANTS AND BULBS

On the Orders of the Day:

Hon. R. B. BENNETT (West Calgary): I intimated to the Minister of Agriculture (Mr. Motherwell) that I should like to ask him a question to-day. Perhaps I might preface the question by saying that my attention has been called to the matter by a gentleman to the delay in importing bulbs and plants, and my question is, whether some arrangement can be made whereby those who live in western parts of Canada, and who are importing bulbs or plants from the United States, may not be delayed so long in getting them through the customs. They have to write to the department at Ottawa; then a questionnaire is sent to them; they have to send that back, and in due course of time the order comes to enable them to get the plants or flowers out of the customs, and by that time the life of these plants is somewhat impaired and their usefulness is gone. I think that sort of bureaucracy might be avoided by giving some local official the power to permit these plants or flowers to be passed through the customs, without having the insect specialist at Ottawa pass upon the question of their admission to Canada. These plants are perhaps some two thousand miles away from Ottawa. If the minister can remedy that state of affairs, he will confer a gerat favour upon the public.

Hon. W. R. MOTHERWELL (Minister of Agriculture): I received notice of this question a moment or two ago. A memorandum has been placed in my hands by one of my

entomological officials. I might inform my hon. friend that the gentleman who made the complaint neglected to apply for a permit to import these plants, and that just as soon as we heard of the case we telegraphed for a permit to be issued, which enabled him to get them out of the customs. I think an arrangement has recently been made that a request may be sent to Ottawa by telegram, and the reply can be sent by telegram. If we can discover some quicker way of doing it than the present method we will be glad to adopt it. I think every civilized country has regulations of this nature in regard to the importation of flowers and bulbs, because of the prevalence of disease in the plants which disease might be transmitted through this medium, and we have to employ men to facilitate this work. It might be delegated to some one in the locality, but that method is always associated with supervision in order to see that it is properly done. The matter has become important. There are embargoes on plants coming into Canada and also on plants going out of Canada to other countries. Not only is it necessary that they should get a permit to import, but they must get a permit from the exporting country, which shows the importance which all countries attach to the necessity of taking precautions to prevent diseases coming in. This is done as expeditiously as possible, and if there had been an application for a permit in the case referred to there would have been no delay.

Mr. BENNETT: In regard to the merits of the legislation there can be no question, but in the administration of the act I think it is desirable that, in dealing with local conditions two thousand miles or more from Ottawa, officials should be appointed in the district. The difficulty lies in the fact that there is not simply one case but there are several. If notice were given to the public that no bulbs or plants would be allowed in the country without a permit and also a certificate from the country of export, it would facilitate matters. There are several cases of this kind. The brother of the man to whom I referred sent him a root from Minneapolis and it was lying in the customs five or six days before permission was obtained for its release.

STRIKE IN GREAT BRITAIN—P. M. DRAPER

On the Orders of the Day:

Mr. PETER McGIBBON (Muskoka-Ontario): Will the Prime Minister inform me whether P. M. Draper, who is collecting funds for the strikers in Great Britain, is in the employ of the government, and if so whether he is collecting funds with the knowledge and approval of the government?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have not any officifa knowledge of the matter to which my hon friend refers. I cannot say whether any Mr Draper is or is not collecting funds. I have seen some press reports to the effect that the Dominion Trades and Labour Congress, of which Mr. P. M. Draper is the secretary, was doing something of the kind. All I can say is that the Trades and Labour Congress are managing their own affairs, and the government is not interfering with them in any particular. The Mr. Draper, who is, I understand, secretary of the Trades and Labour Congress, is an employee of the government, and has been so for a great number of years; his position is the same to-day as it has always been in that regard.

Mr. McGIBBON: Has the minister no control over the employees of this government?

Mr. A. A. HEAPS (North Winnipeg): A great many hon. members belonging to the Conservative party have claimed to represent labour. I should like to ask the Prime Minister if he would use his good offices to try and induce these members to go out and assist Mr. Draper to collect funds for the strikers.

Mr. DONALD SUTHERLAND (South Oxford): In view of the question which has been raised and the report in the press that the general strike in Great Britain has been settled, I wish to ask whether one Tom Moore, who is president of the Trades and Labour Congress, is in any way connected with the government service or any government commission.

Mr. MACKENZIE KING: I think my hon. friend is aware that Mr. Moore is one of the directors of the National Railways which is indirectly a government organization. I am not aware of his holding any other position in what could be described as the government service.

Mr. SUTHERLAND (South Oxford): I should like to call the Prime Minister's attention to a report in the Montreal Gazette of yesterday, in which the Attorney General of Australia is reported to have said that the strike in Great Britain was not merely a question of wages and hours of work for the miners, but that the whole position was transformed by the threat of a general strike, that the carrying out of the strike was a challenge to the government and that the

British government had intimated that it was a challenge to constitutional government. Could the Prime Minster tell me whether these people serving on commissions and in the service of this government have a license to act as they see fit in a matter of this kind?

Mr. MACKENZIE KING: In reference to the strike situation in Great Britain, matters will best be helped along by allowing the government and the members of parliament in Great Britain to deal with them.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: I, for one, do not propose to aggravate the situation by being drawn into any contentious argument on the subject.

TARIFF ADVISORY BOARD

On the Orders of the Day:

Mr. M. N. CAMPBELL (Mackenzie): A statement appeared in the Montreal Star of yesterday to the effect that Mr. L. D. Currie, speaking as a representative of the government in Sydney a few days ago, made the statement that a sitting of the Tariff Advisory Board would be held there shortly and it would almost certainly be followed by the granting of adequate protection to the steel industry.

Mr. MACKENZIE KING: This is the first intimation I have had that this gentleman was a representative of this government. The representatives of this government are in this House, and I am not aware of any others authorized to speak on behalf of the government.

Sir HENRY DRAYTON: Not many from Nova Scotia.

Mr. CAMPBELL: He is reported in the despatch as speaking as a representative of the King government.

Mr. MACKENZIE KING: I think my hon. friend need not take too seriously any despatches from the source to which he has just referred. I am not aware of any authority for the statement alleged.

Sir HENRY DRAYTON: Perhaps the minister could tell us whether the gentleman who has been referred to as a government representative is prospective candidate for the constituency and was the defeated candidate in the last election.

Mr. MACKENZIE KING: If it is the same gentleman who was a candidate in the last election, I think he would make an excellent candidate in the next one.

[Mr. D. M. Sutherland.]

DUMPING DUTY—AUSTRALIAN BUTTER AND FRUIT

On the Orders of the Day:

Mr. FRED DAVIS (East Calgary): In the absence of the Minister of Customs (Mr. Boivin) I would like to draw the attention of the Prime Minister to this message received from the west:

> Customs are demanding payment of the dumping clause duty on all butter received from Australia since January 1, 1926. This will mean a loss of about $70,000 to the trade, and is unfair, as all butter received from Australia up to May 5, was released from customs on the basis of one per cent per pound duty, and sold to the trade on this basis. Try and have this order changed.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I believe the Minister of Customs dealt with this matter yesterday. I do not recollect the reply made, but my hon. friend will find it on Hansard.

Mr. DAVIS: The reply made was that the dumping duty on butter would apply only to butter shipped from Australia after the 1st of January, but according to this telegram the duty has been collected on butter that arrived in Canada after the 1st of January.

Mr. MACKENZIE KING: The Minister of Customs is a pretty busy man these days, but I will draw his attention to the remarks of my hon. friend.

RESTRICTED T.B. AREA IN FRASER VALLEY

On the Orders of the Day:

Mr. HARRY J. BARBER (Fraser Valley): I should like to ask the Minister of Agriculture a question in regard to the creation of a restricted tuberculosis area in the Fraser valley. Many of the smaller dairymen have suffered considerably, a number of them losing from twenty-five to seventy-five per cent of their herds, and they are complaining bitterly of not receiving compensation which would enable them to replace a number of the animals lost. When may they expect to receive this compensation? This restricted area has been completed and after something over two months many of these men have not yet received compensation.

Hon. W. R. MOTHERWELL (Minister of Agriculture): These compensation accounts are usually paid within thirty or thirty-five days depending on the expedition with which the reports are sent in. When the accounts go through the usual office routine they are paid immediately. I think payment would take place within about thirty days from the time the inspection was completed.

Mr. BARBER: Many of these animals were tested when the veterinary surgeons first began to test the herds in this district. A number of these men in my district have not yet received compensation although the testing began two months ago.

Mr. MOTHERWELL: The officers are scarcely through with their work yet; they may be through about the middle of the month. The accounts would have to go through the usual routine.

THE BUDGET

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

The House resumed from Tuesday, May 11, the debate on the motion of Hon. J. A. Robb (Minister of Finance), that the Speaker do now leave the chair for the House to go into committee of Ways and Means and the proposed amendment thereto of Hon. R. J. Manion.

Mr. W. F. MACLEAN (South York): Mr. Speaker, I am glad to see the right hon. gentleman who leads the House (Mr. Mackenzie King) presumably much improved, and probably he will he here to speak for himself before the vote is taken. I would also like to pay a compliment to the Minister of Finance (Mr. Robb) upon the manner of his presentation of the budget. I do not quite know where he got it, but he has the parliamentary manner and he has the further gift that he does not say too much. Indeed, perhaps he does not say quite enough. He is not a broadcaster. He is a pill maker, but he does not sugar-coat his medicines. He has handled his case very well. Outside of that I have no other compliments to pay him. I must vote for the amendment and not for the motion that we go into committee of Ways and Means, and I do so for a very simple reason. I have always been a protectionist; I believe in the principle of protection for this country. My father was always of the same way of thinking, and while that may not be a very good reason, it is applicable to present conditions.

The question raised by the budget is whether protection is to be continued in this country or not. At the very time that this motion comes up, the United States, the greatest and richest country in the world today—it is indeed the banker of the world—is celebrating the great success which it has attained due to the adoption of the principle of protection sixty odd years ago. Some sixty years ago Abraham Lincoln delivered his Gettysburg speech. He said that fourscore years before they had created a new nation on this continent; that they had achieved their independence and had accomplished over fourscore years of development as a nation. They were there assembled at Gettysburg to say that they had succeeded in abolishing slavery in the United States and that they had brought about the result that all men in the United States were free.

The United States then began that great period of its development which has continued until the present. Under the principle of protection which Abraham Lincoln began to preach and which Horace Greely advocated as a newspaper man, that country has grown and grown until, as I have said, it is the greatest country in the world. It has attained that position through protection and nothing but protection. Our country borders on the United States, and as they have become a great nation we should study how they became great. For sixty or seventy years after the Civil war the people of the United States devoted their main attention to industrial development and they have achieved results in that regard which surprise the rest of the world. They have introduced a new feature in industrial progress, that is, they have intensive development; under protection they produce more manufactured goods and sell them for less money than any other country in the world. In addition to this they have gradually done two things: they have increased the output of the individual and they have increased the pay of the man who works. To-day not only is the United States the greatest producing country in the world, but it has the most highly intensified organization of its industries and it pays its men in those industries the highest wages in the world. For that reason the United States more than any other country is not only great in population but is attracting settlers from other parts of the world. So many people want to come to the United States because of its industrial development, great production and high wages, that they have had to establish a quota in order to keep people out; they allow only a certain number of immigrants to enter each year. In spite of all that the United States has grown, as I have said.

On the other hand we in Canada, although we have before us that example of the result of the encouragement and development of industry, take a somewhat different view, and I want to explain why this change has taken place. When parliament met three or four months ago the government found themselves in a quandary. They could not depend upon

their survival from day to day, and then we began to hear rumours of private conversations and interviews between them and the Progressives, followed by news of negotiations and later on of commitments on the part of the government. As a result of those commitments, whatever they were, the government found themselves under the necessity of violating what the amendment declares to have been a pledge given to the people of the country that there would be no changes in the tariff before the manufacturers and the employees affected were given an opportunity of stating their case. It is because of that violation, or alleged violation, of the promise made by the government, that the hon. member for Fort William (Mr. Manion) has submitted his amendment regretting the conduct of the government in this respect, and inasmuch as I believe that the government have broken faith with the people I am going to vote for that amendment.

With so vast a country adjoining us we cannot do anything else than adopt such policies as our neighbours put into force, and the more we see of the consequences of their policies, the more we appreciate the necessity for following suit. It seems to me that the government at this stage should let the public know definitely whether it is their intention to foster native industries with a view to retaining our own workmen and providing employment for our Canadian people, or whether, on the other hand, the intention is to abandon that policy and to give up our own markets. The government have suddenly introduced this change in the tariff, particularly in respect of automobiles, and they have done so at the instigation of the Progressives. Now, I do not think that the Progressives did anything wrong; they had a right to barter, as all parties have. We must recognize the fact that we have three, or rather four, parties in the House of Commons to-day, and we cannot condemn any of those parties for negotiating among themselves, holding conventions, and making commitments. Nor can anyone quarrel with the fact that we have three or four parties; they are with us and that is all there is to it. Indeed, we are entitled to have them. But what we do say is that if the government came to the conclusion that they were obliged to put this policy into effect they should have so informed parliament. They should have said that a change of programme was necessary and that they desired to be given a chance to put the measure through. But they interfered with the tariff without any notification to parliament. My one charge, therefore, is that the government did not honour the pledge they gave parliament and the country, a pledge given not only in their campaign speeches but also in the Speech from the Throne.

In my constituency there are two factories which will be affected by this tariff change, one at Danforth and the other at Leaside. I am in touch with the employees of these factories and they have protested against the action of the government in not allowing them to explain matters. They sent delegates to present their case, but the government have insisted upon the reduction. The result is that the manufacturers are now in a state of uncertainty, while the employees are very much afraid of losing their jobs. It is true that Mr. Ford has said that he will carry on his factory at Danforth. I believe he will, and I believe the Durant factory at Leaside will carry on. Certainly I hope that all those who are engaged in the industry, not only at Windsor and at Oshawa but elsewhere, will do their best to keep going. I trust they will carry on and will succeed under the altered conditions. What has hurt the industry somewhat is the suspicion which has prevailed in the country that undue profits were being made, but however this may be I hope the government will make such concessions as will enable the industry to carry on.

Another important question before the House at the moment is the enormous burden of taxation which the Canadian people have at present to carry. The people are asking themselves, "How much longer can we stand this awful taxation which we are now obliged to pay?" I am going to suggest on this occasion, as I have suggested before, a means of relieving the country of this burden. The solution for the problem is to be found, I think, in a proper railway policy. We have been altogether overrailroaded for many years now, having had two great transcontinental systems, the Canadian National Railways, owned by the people, and the Canadian Pacific, the property of a private corporation. No matter what may have been the legislation by which this condition came about, the plain fact is that it exists, and it is costing the country over $300,000,000 a year to maintain this wholly unnecessary duplication of service. Can we not do something to simplify the railway situation in Canada, to eliminate this costly overlapping, and, at the same time, to give to the people an efficient and less expensive service? Well, I have suggested the remedy before, and I am going to suggest it again. The first thing for us to do is to ascertain whether we cannot consolidate the two rail-

ways. I am sure that the consolidation of the Canadian Pacific with the Canadian National Railways would result in an enormous saving to the country, while it would make for a more satisfactory service. To-day we have not only duplicate trains but duplicate head offices and management, and duplicate headquarters staffs, most of this due to the struggle for business between these rival concerns. We have also a duplicate express system and a duplicate telegraph service involving the upkeep of cables and one thing and another, all of which is costing the country a vast sum of money. The demand of the country to-day is that this unjustifiable duplication shall cease.

It may be said that the two systems are necessary. Indeed, I understand that the Minister of Railways (Mr. Dunning) since coming into office has intimated that in his opinion the Canadian Pacific Railway should continue to operate independently and supply opposition. I think he is entirely wrong. There should be a consolidation of the two roads and the Canadian Pacific Railway should be merged into the Canadian National system. If that were done I believe that one headquarters staff in Montreal, reduced 50 per cent, could administer the two railways much better than they are now being managed by two independent staffs. It is absurd that we should allow this mad race to go on between two rival railway systems operating over the same territory on their main lines, while not more than one-tenth of the accommodation they have to offer can be taken advantage of. Most of all, if we had consolidation we would have a rerouting; that would mean new and improved services for the branch lines and the main lines, and no one can imagine how great an improvement there would be in that respect. We would have a much better system. We could take the best bridges, the best grades, the best approaches to the cities and towns, and work them into the reorganization, and in that way not only would we get a much better service on the main and branch lines, but the economies we would effect would amount to over $300,000,000 a year. But still this waste goes on. Every day you see this rivalry between the two head offices in Montreal, and in addition, each maintains a big propaganda organization; each has men out every day canvassing for business, at enormous cost, and the public have to pay the piper. Now that has got to change, and I believe the disposition of the country to-day is to effect a change, to improve the service, and to save a lot of money.

Not only would there be an improvement through rerouting. Traffic in Canada to-day is carried not only by rail but by water and on the highways, and some day soon you will have to deal with carriage by the airways. As a consequence, you cannot deal with transportation effectively unless you combine all these various services in one system of transportation instead of two, and that one consolidated system should be charged with the maintenance of traffic by rail, the maintenance of traffic by water, and the maintenance of traffic by the highways. I do not believe the two great railway systems can maintain themselves if they have to fight the very severe competition by water, which is growing every day. Some day, when we build the Welland canal to its proper depth—or we may build an Ottawa canal to a ship depth—we shall be having seaports on lake Ontario, lake Erie, lake Huron, lake Superior and Georgian bay. That will enormously increase the competition the railways now have to meet, and unless we get them into this consolidation, they will not be able to meet it.

While the Canadian National Railways own, as I think they do, 70 per cent of the railway strategy of this country, the Canadian Pacific Railway has an equally valuable thing in that it has its own steamships, its own lake and river vessels, and its established lines by sea. If we are to get the best transportation service; if we are to give our friends in the west reduced freight rates; if we are to develop the Maritime provinces by bringing their coal to Ontario, we shall have to depend more and more on transportation by water. In that respect no move would be wiser than to make arrangements with the Canadian Pacific and consolidate the whole thing, bringing in their steamship lines, so that we will have combined in the one system railway transportation, water transportation, highway transportation, and airway transportation. The Canadian Pacific has its steamships and the government railway has the merchant marine. Let us make one big consolidation of all these resources for the betterment of service, and the economies that can be effected thereby.

One of the things that is worrying the people of Canada to-day is the heavy taxation with which we are burdened. The railway competition is getting more desperate every day. It is costing us $300,000,000 a year, and I believe more—because I have gone into the matter rather closely—through the unnecessary duplication, with two systems, with their two head offices and all the overhead charges, with these unnecessary express companies and these unnecessary telegraph

companies. All these services can be consolidated and the expenses cut down. The call to-day wherever you go is for lower freight rates, and we cannot get them; but if we had this consolidation the freight rates could be reduced.

Just to give you an idea of what is menacing the railroads now, do you know how much the motor bus and the motor truck are cutting into the revenues of our railways to-day? The motor bus and the motor truck are getting all the local business; they are taking more and more revenue away from the railways every day, and water transportation will go on taking more and more traffic away from the railways, so that soon there will not be enough business, even if the country does grow—and it is going to grow—to make the railways a paying concern.

Moreover, if you make this consolidation a lot of the trackage now existing will be unused. You will not take up any trackage that is necessary for the movement of freight, but there are lots of lines that could be taken up without interfering with the service, and these unnecessary tracks, ties, ballast, and other equipment, could be used later on for giving railway facilities to the newer parts of the country that are being opened up. We hope to bring settlers into this country, and we hope to give them railroads. The consolidation I speak of would enable us to provide the necessary equipment for giving railway facilities to these parts of the country that are being settled, and in that way it would help build up the country. In the meantime we are wasting this money; we are not reducing rates; we are not giving the people the service we ought to give them, and I see nothing but bankruptcy ahead of the two great railway systems unless this consolidation is effected. The traffic returns brought down to the House recently show that there has been a considerable falling off in traffic.

What could we do with the $300,000,000 a year that would be saved by this consolidation? I will tell you first of all what we could do. We have not yet determined what the railway debt of Canada is. Actually it is over $2,000,000,000, nd it has been propesed that we ought to fix the railway debt of this country at say $1,000,000,000. If we did this, and if we made this saving of $300,000,000 through the consolidation of the railways, we could pay three per cent on $1,000,000,000 on which we pay nothing now, but which is part of the debt of Canada. We could also afford to pay six per cent on Canadian Pacific stock to take them into the deal. In addition, there would be dislocated by this consolidation of services over 30,000 men, and we could afford to pay the 30,000 men $1,000 a year each until such time as they could secure other employment in this country or the railways called for their services later on. In addition, we could pay 6 per cent on say $300,000,000 of Canadian Pacific stock, and then we would not have used the first $100,000,000 of what we are now wasting. We could do many other things in the same direction; we could improve the service, stop this leak, reduce freight rates and put our railways in a better position. Although I was a party to the taking over of the old Grand Trunk and Canadian Northern railways, I now agree with the suggestion that we should have let those roads go into bankruptcy. But we did not do so; we have them on our hands now and are maintaining them at this enormous cost of $300,000,000 a year. We could save at least two-thirds of that amount, which might be used to assist settlers in the newer parts of the country, and in many other ways.

Those are the real facts of the case. The House does not seem to be interested, but the people of Canada and particularly those in the west are very much concerned. They are appealing to parliament to find some way out of this situation. I go to Toronto twice a week, and I see the rival trains on that service; some of them are filled up, some with a very few people. That competition goes on in the transcontinental runs, on branch lines, and all over the country; it is getting worse all the time and disaster is ahead if it is not stopped. That is all I have to say about the railway situation. We could save a large amount of money; we could reduce taxation and at the same time improve the freight rate situation. I have always been a believer in public ownership; I believe in public ownership of the railways; I believe in the success of the National railways under public ownership; all the Canadian people believe in that also, and the province of Quebec is a strong supporter of that principle.

Mr. LANCTOT: Excepting myself.

Mr. MACLEAN (York): Then my hon. friend does not belong to the province of Quebec.

Mr. LANCTOT: I would like to see the Canadian Pacific Railway take over the Canadian National Railways.

Mr. MACLEAN (York): I would not like to see that, because all the people of Canada own the Canadian National Railways, while only 19 per cent of the Canadian Pacific Railway is owned in Canada; all the rest is owned in London and in the United States.

Mr. LANCTOT: I don't care.

Mr. MACLEAN (York): I know that, but I do, and the people of Canada care.

Mr. LANCTOT: It is too costly.

Mr. MACLEAN (York): It is too costly, but my proposition is to stop this unnecessary expense.

Mr. LANCTOT: The Canadian Pacific Railway should have it.

Mr. MACLEAN (York): I do not agree with that; the people of Canada will not stand for it, particularly the
4 p.m. people of the west. But they are looking for some arangement which will stop this enormous extravagance. The Canadian Pacific Railway ought to be glad to enter into such an arrangement, because they cannot stand the competition of the Canadian National. It is too much for them, because the Canadian National has 70 per cent of the strategy, which they got in the early days when the old Great Western, the Canadian Northern and the other early railways were built. The greatest piece of strategy they got was through Sir Wilfrid Laurier, when he built the Grand Trunk Pacific railway. They have all the strategy through western Canada; competition is growing; the Canadian Pacific Railway is feeling the effects of it, and notwithstanding Mr. Beatty's statements to the contrary I believe he would like to enter into an arrangement which would make this great saving to the nation and would be better for the shareholders of the Canadian Pacific Railway.

Not only is public ownership growing, but I want to tell the House something else which may be of interest. Five years ago the province of Ontario under Mr. Drury, then head of the farmer government, established a savings bank. It could not be called a bank, but was officially named the Province of Ontario Savings Branch. Eventually he got it going, under an agreement with one able young man, a good organizer, to whom he gave this pledge. He told this young man that if he established this Savings branch he would not be interfered with. He gave him a free hand, and this new departure is the greatest instance of public ownership in Canada to-day with the exception of the National railways. The people have their own bank, and it is a great success. The banking interests of Montreal did not like it and tried their best to destroy it when the Drury government went out of office. They appealed to the Ferguson government, which at last decided to reduce the rate of interest from 4 per cent to 3 per cent. But notwithstanding that reduction the deposits in that Savings branch total $25,000,000; it is the best bank in Ontario to-day and enjoys the confidence of the people.

Mr. MARCIL: Do they discount notes?

Mr. MACLEAN (York): No, but they deposit in other banks and I think get four per cent interest.

Mr. MARCIL: Someone has to discount notes, or business cannot be carried on.

Mr. MACLEAN (York): The province of Ontario could come to this House and ask for full banking powers under the Bank Act, but in the meantime the province has this amount of money on deposit which they can either use or deposit in other banks. This is the greatest experiment in national banking being carried on in America to-day. Other provinces have followed the lead of Ontario, I believe, but without the same measure of success. I have not seen a word in the papers of what took place in Toronto the other day. The provincial treasurer, Colonel Price, has come to see what a great asset this bank is; he has taken new premises for it at the corner of Adelaide and Bay streets, and it is the busiest bank in Toronto to-day. All the poor people of Toronto go there with their savings; the bank is open earlier in the morning and closes later in the afternoon than do the others; they are out to do business and to serve the public. The result is that, notwithstanding the opposition of the greater banks and the efforts made to squelch it, this new venture in banking is the surprising thing in Canada to-day. It is a great success; it will continue to grow, and I believe it will in the near future receive all the powers of a chartered bank.

Ontario has not only this bank; it has public ownership of its hydro-electric development and of the Temiskaming and Northern Ontario railway, which was the first to open up the mining country of northern Ontario. All the mining development which has taken place in Ontario has been the result of the policy of Sir James Whitney in building this railway. If Quebec has anybody to thank for the discovery of its great mineral wealth in the Rouyn district, it is the enterprise of the province of Ontario in opening up that north country by the construction of the Temiskaming and Northern Ontario railway. That railway will doubtless play a prominent part in the development of the mines of northern Quebec. To

that railway is due the fact that there has been great mining development in northern Ontario, and we may see similar development in northern Quebec. The province of Manitoba is now looking to the National railway to provide a railway service to its mining districts. All these developments have come or are coming as a result of public ownership.

In this connection may I point out that a new bank has been instituted in Toronto. You hear nothing about it, the papers will not even note the fact that it has come into existence, but I want hon. members who are opposed to public ownership—and especially the hon. gentleman (Mr. Lanctot) who questioned me a moment or two ago—to go to Toronto and see the new bank, and they will come back prepared to recommend the opening of branches of that bank in their own province. It marks the advent of the greatest banking system that has yet been established in Canada, and the noteworthy fact about it is that it is publicly owned. Yet certain hon. gentlemen opposite seem to entertain the opinion that the public cannot succeed in any enterprise which it owns. Surely that idea ought to have been dispelled by the success which the publicly owned system of National railways in this country has encountered. I cannot but believe that my hon. friend opposite can see the trend of the movement. Certainly Mr. Beatty and the directors of the Canadian Pacific Railway do. They seem to be getting apprehensive of the competition which the Canadian National Railway gives, and they are getting ready to favour amalgamation.

I want to tell my hon. friends opposite another thing. The United States to-day do not own a railway, they do not even own a bank share.

Mr. LANCTOT: What policy did they pursue during the war?

Mr. MACLEAN (York): With all deference to my hon. friend I have the floor at present, and he can speak afterwards if he desires. I know something of what has taken place in United States. That country is really administering the railways there to-day. Through the Interstate Commerce Commission a reduction in the number of railways has been ordered. Regional organizations are favoured, and the actual number of railways is being reduced to seven or eight. I make the prediction that within five or seven years United States will have complete control of all their railways; they are administering them now, but within the time indicated they will probably take them over and control them.

[Mr. W. F. Maclean.]

Then as to banking. While United States do not own a bank share they have made the greatest step in public ownership in regard to banking. They control the whole banking system of the United States through the national reserve bank system. To-day the rate of rediscounting in United States is fixed absolutely through officers of the United States government, and as a consequence the government is in control. As a result of what I call government ownership, the United States is the cheapest country in the world to-day for rediscounting, and the best railway service is getting to be that of the United States. It will not be ten years, it will not be five years, before you will see absolute control of the railroads of the United States by the state, so rapid is the growth of public sentiment there in favour of public ownership.

There are these further facts with regard to public ownership. I read an item in the newspapers yesterday which noted the fact that the British government, since the present strike began over there, have got control of the radio system by which they were able to broadcast news. The people are rejoicing over that in England, as well as over the fact that the state has absolute ownership and direction of the cables, telegraph, telephones, and kindred services. England to-day is talking more of public ownership than it ever did before; and as an outcome of the present strike the Old Country will probably take over the mines. It will not take over all the mines; it will take over the good ones and close down the poor ones. As a consequence of that we shall see better production, and the miners will get better wages and better treatment. I think that public ownership will also do something for the coal industry of Nova Scotia; it will probably result in giving that industry a better chance to market its coal in the provinces of Ontario and Quebec. Italy is becoming rejuvenated largely as the result of public ownership, and the sentiment is growing all over Europe. The sentiment is growing in this country too, and yet some hon. gentlemen are opposed to public ownership. Montreal is very much against it, and if they persist in that attitude it may be in the public interest to move the headquarters of the Canadian National Railways, perhaps to Ottawa, perhaps to Winnipeg—I will not say to Toronto. But that will happen if disbelief in public ownership continues to be the attitude of Montreal? If they keep on declaring that they do not believe in public ownership and do not want it, they will have to abide by the consequences. But Montreal to-day—notwithstanding what we read in the press; notwith-

standing what Lord Atholstan says; notwithstanding the immense capitalization that has been created in connection with power development in the province of Quebec—is watching events in the province of Ontario. For public ownership in Ontario has been a great success. The movement is spreading everywhere and is becoming the new doctrine of the day. Wherever you go you will hear of public ownership and what it is accomplishing. You are hearing more and more the idea that the only way to cure many of the economic evils of the day is to resort to public ownership.

I have already referred to what has been accomplished in the United States through the national system of rediscounting. We shall have to follow their example in this country. The Canadian bankers will not like it, but there are lots of opportunities for them; there are lots of avenues through which they can make more money. But in return for that they will have to give more service. In other words the new underlying idea is the intensive service obtained, and this is largely brought about by public ownership. We see the results of that upon the industrial system of the United States in the way of better organization. That is the cure they have adopted over there, and that is the cure which should be followed in this country. I advocate it in connection with the railway system of this country, and particularly by the adoption of consolidation. It will help the Canadian Pacific railway and its shareholders and will prove of great service generally. The Minister of Railways (Mr. Dunning) said that he was in favour of retaining the Canadian National Railways, and that he was in favour of the consolidation of the grain buying concerns of the west; he thought they should get together. The greatest thing in the improvement in farming to-day is the success of the western Progressives in forming a wheat pool for the sale of their grain; they are surprising the world by this movement. Through pooling and co-operation they have increased the price which they receive for the grain. I am a friend of the manufacturers, but I will tell them that the next move the farmers will make will be to pool their buying, so that when they wish to purchase agricultural implements they will say, "We will buy our implements from any company who will come to Canada and manufacture them here." That will be the position, especially in the west, where the younger people will have an opportunity to get a training in manufacturing.

Mr. WOODSWORTH: If agricultural implements were manufactured in Winnipeg, what would happen to Toronto and Brantford?

Mr. MACLEAN (York): Toronto would be able to take care of itself. We probably would get cheaper goods, on the same principle that the farmers get more for their grain by co-operation.

Mr. ROGERS: Where is the proof that the farmers are getting more?

Mr. MACLEAN (York): They say so themselves, and we know the price is much better.

Mr. ROGERS: Does the hon. gentleman know that?

Mr. MACLEAN (York): I know a great deal about it. Perhaps my hon. friend knows, and if so he might tell us. I will leave it to the farmers to say whether or not co-operation is a success. The English papers are stating that the astonishing thing in the world to-day is the success of the pooling of the grain of the west, resulting in the getting of better prices therefor. That is a great change, but it shows how our ideas are progressing and how new ideas are coming to be adopted. If we do not take advantage of these things we miss our opportunities.

I should like to see the Canadian National Railways give better freight rates. Our farmers in the west are organizing and co-operating—and the farmers in the United States are organizing in much the same manner, except that they have approached congress in a different way. They are not satisfied with the prices they are getting for their grain, but the main thing is that they are organizing. The farmers desire to see more local banks established in the west with local capital, so that they will have a better banking service, without of course injuring the present service. This must be done by organization and legislation. Rather than adhere to the insane idea of having two great systems of railways in competition with each other, a consolidation should be effected so that the Canadian National Railway would be able not only to meet all its commitments, but also to make a reduction of freight rates.

I propose to vote for the amendment because the government have failed to give the people what they pledged themselves to give, namely, an opportunity to the men who work in the factories and those who own the factories to be heard before any decision should be arrived at in regard to the tariff.

They did not give them that opportunity. I come from a constituency in which two of these factories are located, and although there may be a reason for the change, the people in my constituency think that there should have been a hearing before the tariff board before any conclusion was arrived at. Later on in the session I will direct the attention of the House further to some questions connected with the budget, and I have no doubt that there will be ample opportunity to discuss them.

Mr. THEODORE GERVAIS (Berthier-Maskinongé) (Translation): Mr. Speaker, in rising to take part in this debate I do not propose nor could I hope to introduce many new arguments before this House. We have witnessed, since the opening of Parliament, a constant interchange of conflicting opinions. Not only days but months have been taken up in denouncing on the one hand, a political system, and in vindicating it, on the other, without much care for or much consideration being given to the actual facts. I have heard and listened with much interest to the different speeches pronounced by the succeeding orators, from the representatives of the Maritime provinces to those of the western provinces, and hon. gentlemen opposite have been almost unanimous in condemning the present government and in opposing the proposal of the hon. Minister of Finance (Mr. Robb) moving that the House should go into committee of ways and means to consider certain resolutions.

Every hon. member opposite, whether from Prince Edward Island, through the Maritime provinces, Quebec, or Ontario, but especially those from this latter province, taking part in this debate, has stood up strongly in defence of the old protectionist principle. Their story of grievances did not say much about Quebec. In their view, the Maritime provinces have serious grievances against the government. Those hon. gentlemen have even evolved out of these grievances a kind of policy entitled "The Maritime Rights"; and, of course, the sole remedy to such a situation lies, according to the hon. gentlemen, in a protective tariff. Our friends from Ontario told us practically the same thing. Protection was the predominant idea in every speech delivered in this House by the hon. members. Though they dealt with every conceivable matter, their fundamental and constant theme reverted invariably to the lack of protection and the lowering of duties by this government. Long was the wail, especially from the Ontario members. Let me say, Mr. Speaker, that Quebec is not a free trade province but that contrary to the Martimes and Ontario she has no reason to complain of this government.

Matters of interest on the hustings and questions relevant to this House, that we have to decide, are different. It seems to me that in this House, hon. members should look carefuly into public matters, scrutinize and criticize earnestly, in order to be in a position to co-operate, as they should, with the government in the best interest of the country. How different are those recriminations from the praises sometimes heard! I was pleased to hear some hon. members opposite refer to the hand of Providence. Forced to look into the budget speech, these gentlemen could not but admit that the financial statement, the year's financial review, as submitted by the Minister of Finance (Mr. Robb) in his budget speech, was most gratifying, and so they credited Providence for so much Allow me to repeat that old saying of the late Right Hon. Sir Wilfrid Laurier: "If Providence is on our side, what reason have the Conservative party and, presently, the hon. members opposite, to be against us?" If Providence favours the Liberals, why does that apostle of co-operation, the hon. member for South York (Mr. Maclean) not give his support to the government. That would bring him in line with Providence.

About ten years ago, when I entered this House, I heard for the first time the budget speech being delivered. Sir Thomas White was then Minister of Finance, and I remember the impression of anxiety that budget left on my mind. How different is the situation to-day! What improvement in our finances, in the general business conditions! If our friends opposite would only refer to the public records of that time, look over the statistics, they would realize what improvement has taken place, especially since the advent of the Liberal government.

Allow me to outline briefly the financial situation of that day. When the Liberal party went out of office in 1911, the country's debt was insignificant. The public debt amounted to $335,000,000, and so what we had to pay in interest was not very much. When we came back, we the Liberals, in 1921, the debt had reached two billions and some four or five hundred millions of dollars; and the interest due alone, for the first year, exceeded the total sum of expenditure under the Liberal administration of 1911, and amounted to $142,000,000. I know there were many justifiable disbursements resulting from the war, and I do not want to enter upon that ground already gone over; but on how many improvident ventures they engaged during that

period. Carried, I should say, on the wave of war extravagances, the Conservative, Unionist and after war governments plunged themselves into most reprehensible expenditures. For instance, and speaking from memory, the merchant marine, a sorry remembrance, the building of those merchant ships at a cost of $72,000,000 to $73,000,000. And if the Liberals have some responsibility to share for the unfortunate railway situation the Unionist government had to face, they certainly have none as to the building of that merchant marine when the country was burdened to the utmost. That waste of $73,000,000 of the public money at a time when Canada was so much in need of funds was probably forced upon the government of the day by some private interests. And what have been the results? The deficits in the administration of the merchant marine have been added to those of the Canadian National Railways.

At the same time, the government was supplying money for the labour housing plan which has had more or less satisfactory results; they were helping enterprises of all kinds; they were subsidizing the construction of roads in the different provinces. Quebec had given the example for the building of good roads; the other provinces were somewhat envious of it, and probably under the pressure of particular interests of those provinces, enormous sums of money were granted for the public roads. Quebec has taken advantage of it like the other provinces and I am happy to say that so far as the public services are concerned the province where I come from has been one of the pioneers of the whole Dominion.

Having heard the recriminations of the Maritime provinces and of Ontario, let me tell you a few words about the province of Quebec. I heard yesterday the hon. member for Kenora-Rainy River (Mr. Heenan) give us a summary of the financial situation of the province of Ontario and show us the amount of its expenses and the regular and annual increase of the public debt which would amount to $275,000,000 or $280,000,000. In the province of Quebec, in spite of the large subsidies that we give for the encouragement of the public services, public instruction and colonization, the debt does not exceed $60,000,000. We do not deny to hon. gentlemen opposite the right to complain of their province especially those of Ontario, but after all, we Liberal members of Quebec, are satisfied and happy to come from that province, and we have nothing to beg to-day from the House of Commons.

Mr. Speaker, all the public statistics have been searched, analysed, explained in some fashion or other by hon. gentlemen opposite, so as to be in a position to ask for more and more protection for the industries. We must not lose our senses over this tariff issue. Every tariff question is a business question and we must examine it in the light of reason and actual facts and judge it on its merits. The tariff is a tax. It may be a necessary one; it can be very useful if it is handled with care, but I am opposed to protection, especially when it is applied to every commodity as a matter of course. Protection, according to our friends across the floor, would be a universal panacea. It would seem that every ill can be cured by protection. Industries would grow and develop under protection. The farmer would also see much better days. Moreover, they have requested more protection even for eggs; hens would lay more if that policy were applied on a larger scale. Protection would be a cure for every ill. I believe that they have gone too far and that this tariff question should be considered more judicially in the light of the plainest economic data, provided that we set aside the spirit of partisanship and that we discuss it in a broadminded way, because the people take less interest in the questions which are discussed in the House of Commons of Canada, owing to the fact that we give too much time to academic discussions. In 1922 and 1923, the government reduced the duty on agricultural implements. I have listened to all the grievances and the pessimism of our friends on the other side about the future of the industry of agricultural implements. There had been much said on that subject that one day that I happened to be in my county when an employee of one of the greatest manufacturers of agricultural implements was putting up a binder, I asked the local agent what was the price of the binder that year, and if there was not a difference in price as compared with that of the previous year. Looking at his price-list, he answered that there was a difference of $12 and, without me questioning the mechanic, he added, being so much imbued with the idea of protection: "The tariff is not to be blamed for that." But I think that it has very much affected the cost of the agricultural implements, in the same way that the cut in the tariff will presently greatly influence the price of motor cars.

You cannot realize, Mr. Speaker, what arguments were used during the last election, by the candidates of hon. gentlemen opposite. I heard one of them shifting his ground, resorting to a chain of fallacies to show

what would be the effect of a tariff similar to the American duty on hay, eggs, butter, cheese, potatoes, in one word on anything. With all sorts of false arguments he tried to show that if the Canadian tariff were $4 a ton that would mean some 50 cents a ton to the producer of hay. I never understood his reasoning and I will not undertake to repeat it; he did not understand it himself; neither did the voters who heard him. I represent a riding which produces large quantities of hay; and even if the government were to put a tariff of $10 a ton on hay it would have no effect in the counties that I represent. Even with no Canadian tariff at all on hay, things would be the same; whether the tariff be one cent a ton or $10 a ton, no American hay will ever be imported into Berthier-Maskinonge in competition with the local product. The tariff has nothing to do with it. Of course in certain localities, certain exceptional conditions may happen when, the price of hay being high, the people near the American border, might import a quantity of hay; but all they will have to pay is a duty of $2 per ton. Do you know what it costs to move a ton of hay from my counties to Halifax? It costs $7.50. The cost is the same when the hay is shipped to St. John, N.B., Portland, Boston and New York. It is evident that in these districts if the harvest be poor the people are right to import American hay when they are near the border instead of ordering it from Berthier-Maskinonge and paying freight charges of $7.50 a ton.

The transportation problem goes to the root of all our trade difficulties and of nearly every question we discuss in this House. I have just said that the counties I represent produce a great quantity of hay. This year we exported, in spite of the tariff barrier of $4 a ton, not to the Western States but to the Southern States, the Carolinas, Maryland, Virginia, through the firm of Bunting, who bought their hay from us, the county of Berthier, I say, shipped to that market, within three months, over 2,500 cars of hay, and that was only one quarter of the crop. And do you know what that hay cost when it was unloaded? It cost $15 freight and $4 duty before any allowance was made for its own value. When the government puts a tax of $4 a ton on hay the tax is paid by the American consumer. I said a moment ago that the transportation problem is at the bottom of all our trade relations in this country. It is at the bottom of the trade in hay of which I am speaking just now. There is much room for improvement there. I requested the railway board to explain the situation fully; here is what we find: For carrying hay from Berthier county to Maryland and the Carolinas the Canadian Pacific charges 77 cents per cwt; and 36 cents per cwt for shipment to Boston. When the Canadian Pacific moves hay for a hundred miles, say, to the boundary, the charge is 13 cents per cwt if the hay is consigned to Boston, and 25 cents a cwt when it is consigned to the southern states; the balance of the freight charges are collected by the American railways. Please note that the Canadian Pacific charges 25 cents per cwt when the hay is shipped to the southern states and 13 cents per cwt. when it is shipped to the Boston and New York markets. You will say that that is discrimination, that the rates are not properly balanced. I appealed to the railway board; and it appears that this state of things is unavoidable. I did not succeed in having the matter remedied; and we still had some 2,000 cars of hay to ship.

During the election campaign and in this House I have heard hon. members claim on more than one occasion that the tariff on eggs was not high enough. They complained about the Australian duty. I must tell you, Mr. Speaker, that during the campaign these gentlemen made a good many complaints, not about the treaties that the Canadian government had negotiated with France, Belgium, Italy and other countries, but about the treaty with Australia, the effects of which were entirely unkown to them at the time. Australian eggs were to be dumped into Canada and the description was so striking—I can still see the magnificent, sweeping gestures of my opponents—that we could almost see those eggs overrunning the continent, coming here in serried ranks and ousting our own eggs from the Canadian market. The problem is a peculiar one: except in British Columbia, perhaps, we do not produce sufficient eggs for home consumption. During the summer we export eggs; but in the winter months our production falls below our needs.

Because of the law of supply and demand and the consumption being pretty regular, the price of eggs rises when winter comes along, and when the price is high enough, buyers turn to American eggs. That is because we cannot produce eggs during the winter. It is a thing the Canadian farmer has not yet learned. The various branches of agriculture are so numerous that he has not yet turned his attention to the production of eggs in winter. I may say, and I do say it because I am sure of what I state, that egg production is the

most paying industry; it brings much more than hay raising or even the dairy industry. There is no industry bringing such high returns and the only question is to establish it among our Canadian farmers. Speaking of agriculture I might use Lafontaine's words at the beginning of one of his fables; "The farmer's patient tare and toil are oftener wanting than the soil" and I say: "The farmer's patient tare and toil are oftener wanting than the hen."

When the hon. members of the opposition show us a vivid and interesting picture in support of the idea of erecting a tariff barrier the question suggests itself: "Why not erect a tariff wall, why not raise the tariff?" We have the dumping clause to protect us against goods being dumped in our markets and, on the other hand, we must have some protection against the greediness of the producer, so that the consumer is not left to his tender mercy. If we have too high a barrier it is quite evident that it will not cause our hens to lay, because the price is even now remunerative but the price of eggs would become exorbitant. We must put a check to low prices as well as to high prices. It is the duty of competent authorities to check the scale of prices and a high tariff leaves the consumer entirely in the hands of the producer. That is why we should not adopt the high tariff asked for by our friends of the opposition.

I often heard the question of coal discussed in this House and I believe a commission was appointed to investigate that subject. Allow me to tell you that I will be pleased to see the government take the matter in hand and if it is necessary, grant bonuses to the railroads so that they may carry coal from the Maritime provinces and Alberta into central Canada. Our country must be independent of the United States; we must not depend on our neighbours for our coal supply, either for factory or home purposes and it is with great pleasure that I will see the government grant subsidies to the railways, whenever necessary, so as to supply our factories and our homes with Canadian coal. There is another thing that I would like to see accomplished by the government. I would be happy to see the government take all possible means to oppose the diversion of traffic taking place from the west towards the United States. I know that the hon. member for South York (Mr. Maclean) who spoke a few moments ago would like the building of deep water harbours on lake Erie, lake Huron and lake Ontario. He favours co-operation provided the traffic goes through the province he represents. I would be pleased to see the government employ all possible means to stop that diversion, so that the traffic may be directed to Canadian ports without going through the United States and I ask on this question the co-operation of my hon. friend from South York and of all the members from the province of Ontario. Every year we complain that a large part of the traffic is sent through the United States. We have made great sacrifices to equip our ports, build our railroads and, perhaps because private interests are at the bottom of this, we let our traffic take the way of the United States.

I said, Mr. Speaker, that I would welcome on this question the co-operation of the member from South York and of all the members from Ontario, but before he spoke about co-operation the hon. member took good care in the beginning of his speech, to declare that he holds protection as a principle and that even his father before him, held protection as a principle. So that he will co-operate provided he finds it to his advantage. There is but one co-operation which he does not care for. He praised the province of Ontario, he even praised the Drury administration for creating a system of rural credits, but there is a co-operation which he does not like and that is the co-operation of Progressives and Liberals in this House.

At the very outset of his speech and as a term of comparison, the hon .member for South York made a review of facts, comparing Canada with the United States and he said: "The United States have progressed under a policy of protection." Think of comparing Canada with the United States! Are there two countries absolutely alike in the world? Are the geographical, topographical and climatic conditions the same in Canada as in the United States? It seems to me that one is hardly justified in comparing Canada with the United States in order to build up a case in defence of his faith in protection. And the hon. member's deductions from that comparison are absolutely wrong.

If the party of the hon. member for South York had submitted the budget which the Liberal party presented this year, I think I would have heard my hon. friend along with every member of the opposition, say: "See what our party did, see what Canada is now, see how we found it in 1921 and its present condition".

We have restored our finances after four or five years, we have been able to reduce the burden of taxation by over $50,000,000 and when I glance at our trade, I find that Canada holds the fourth or the fifth rank among all the countries of the world. Canada

comes after Great Britain, France, Germany and the United States, but it is ahead of Italy, whose population is 40,000,000, ahead of Russia, Poland, Spain, India, Japan, one of the most interesting countries. In view of those facts, the hon. member no doubt would say: I want the economic system which the Liberal party gave us.

I think that the hon. member for South York (Mr. Maclean) in spite of his long experience and his independent actions is prejudiced by the idea of protection and does not view the situation properly. I believe he was somewhat influenced—if he can be influenced—by the complaints of his friends from the Maritime provinces, Ontario and other parts of the country and he did not realize what the situation actually was.

Mr. Speaker, allow me to tell you how pleased I was to hear the budget speech of the hon. Minister of Finance (Mr. Robb). For there is in this budget something over which any Canadian, any public man may well rejoice. We have corrected the blunders committed during the inefficient Tory administration. Canada has taken the right direction and with the kind co-operation of the Progressive party, our country is following again the path of progress. We understood what Providence expected from us, but we understood also that we must help ourselves. I trust that in the best interest of this country, and for its future welfare, this government will continue to administer its affairs and that much later on, when the present generation will be gone, the opponents shall be heard talking of this period as they are talking now of the prosperous time of Sir Wilfrid Laurier and warmly acclaiming the administration of the Right Hon. Mackenzie King, that of the Liberal party.

Mr. T. G. MURPHY (Neepawa): Mr. Speaker, in common with other members of the House I awaited with some degree of eagerness the presentation of the budget by the Minister of Finance (Mr. Robb). The annual budget of Canada has always held more interest for the people than any other matter dealt with by parliament, and of late years that interest has been accentuated in a marked degree by the enormous additions to our national debt and our ever-increasing burden of taxation. While I am unable to congratulate the minister for the reasons advanced by his supporters I feel that I can congratulate him upon his presentation of a difficult subject.

On this subject I desire to make certain observations which I will endeavour to make as concise as possible. As an outcome of the year's business the minister estimates a decrease of debt of $22,353,000. This is very gratifying, but how has the result been attained? On account of economy practised by the government? I am afraid not, as the following comparison will show.

In the fiscal year ended March 31, 1925, the total expenditure as shown by the Public Accounts was $340,619,936.48, while for the year 1926 it is $356,590,000, or an increase of $15,970,063.52. I am afraid we cannot give any credit to this government for economy in expenditure. Let us on the other hand compare the revenues for the two years 1925 and 1926. For the year 1925 the total revenue was $352,232,552.97 and for the year 1926, $378,943,000, or an increase of revenue for 1926 of $26,710,447.03. An examination of these figures clearly shows that the reason the government has been able to produce a surplus is because the revenue has increased and not because the government has been economizing.

I have shown that the government expended in round figures $15,970,000 more in 1926 than in 1925, while for the coming year, 1927, the estimated expenditure, including $30,000,000 to be advanced to the railways, is $381,871,351, or an estimated increase for 1927 of $25,281,351 over 1926. How any man can say that this government has done anything by reason of its policies to reduce the national debt passes my comprehension, when expenditures are increasing every year and the only reason we have any reduction in debt is because this government has taken more money out of the people of Canada. I have heard it argued in this House that the government has reduced taxation.

THE ROYAL ASSENT

SUSPENSION OF SITTING

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour, the Deputy of His Excellency the Governor General, desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, the House went up to the Senate.

And having returned,

Mr. SPEAKER informed the House that the Deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act for the relief of Elizabeth Gertrude Orr.
An Act for the relief of Melville James Andrews.

An Act for the relief of Harry Reginald Oddy.
An Act for the relief of Mildred Roxie Horner.
An Act for the relief of Frances Muriel Burnet.
An Act for the relief of Ada Toms.
An Act for the relief of Vera Sanderson.
An Act for the relief of Noel Leslie Deuxbury.
An Act for the relief of Lillian May O'Reilly.
An Act for the relief of Jean Victoria Dillane.
An Act for the relief of Ethel Alberta Barker.
An Act for the relief of Annie Hazel McCausland.
An Act for the relief of Sterling LeRoy Spicer.
An Act for the relief of Amy Bell Corney.
An Act for the relief of David Frank Crosier.
An Act for the relief of Ethel Gildea Nye Brown.
An Act for the relief of Edward Thomas Faragher.
An Act for the relief of Bertha Viola Lidkea.
An Act for the relief of Mike Ayoub (otherwise known as Michael Ayoub).
An Act for the relief of Alice Marion McGinley.
An Act for the relief of Harold Edgar Perinchief.
An Act for the relief of Hendel Tuerner Lubrinetsky.
An Act for the relief of Paul Hugh Turnbull.
An Act for the relief of Helen Elby Pollington.
An Act for the relief of Alexander Stewart.
An Act for the relief of William Melville Moore.
An Act for the relief of John Samuel Milligan.
An Act for the relief of Marion Richardson.
An Act for the relief of Isadore Boadner.
An Act for the relief of William Albert Thomas.
An Act for the relief of Gertrude Isabel Clerk.
An Act for the relief of Helen Seymour O'Connor.
An Act for the relief of Yetta Selma Trachsell.
An Act for the relief of Alexander Dewar.
An Act for the relief of Florence Burrell.
An Act for the relief of Edith Marion Byam.
An Act for the relief of Charles Davidson.
An Act for the relief of Doris Selina Irvin.
An Act for the relief of Frank John Davis.
An Act for the relief of John Norman Smith McMurray.
An Act for the relief of Archie Claire McIntyre.
An Act for the relief of Mabel Elizabeth Harcourt.
An Act for the relief of Louise Gordon Pook.
An Act for the relief of Ezillah Harriet Cole.
An Act for the relief of Gertrude Burnside.
An Act for the relief of Cora Mae Murray.
An Act for the relief of Janet Thornhill Gorrie.
An Act for the relief of Lillian DuBord Bulloch.
An Act for the relief of Henrietta Schierholtz.
An Act for the relief of Maude Elizabeth Gilroy.
An Act for the relief of Richard Howard Buckley.
An Act for the relief of William George Darlington.
An Act for the relief of Arthur Watson.
An Act for the relief of Frances Marporie Warren.
An Act for the relief of Charles Douglas Palmer.
An Act for the relief of Beatrice Isobel Lamontagne.
An Act for the relief of Jane Johnston Mitchell Wells.
An Act for the relief of Jeremiah Gibbs.
An Act for the relief of Caroline Elizabeth Risbridger.
An Act for the relief of Cassie Woodley.
An Act for the relief of Isabella Freeman.
An Act for the relief of George Guthrie.
An Act for the relief of Lily Stead.
An Act for the relief of Alice Grace Hopkins.
An Act for the relief of Vera Catherine Searle.
An Act for the relief of Charles Frost.
An Act to change the name of the Dominion Express Company to "Canadian Pacific Express Company."
An Act for granting to His Majesty a certain sum of money for the public service of the financial year ending the 31st March, 1927.

THE BUDGET

The House resumed the debate on the motion of Hon. J. A. Robb (Minister of Finance) that the Speaker do now leave the chair for the House to go into committee of Ways and Means, and the proposed amendment thereto of Hon. R. J. Manion.

Mr. MURPHY: I have often heard it argued in this House that the government had reduced taxation, but until this budget was brought down there was not the slightest evidence of any attempt on their part to do anything of the kind. Rather was there an increase of taxation by such means as raising the sales tax from 3 to 5 per cent, imposing a tax on receipts, and increasing the stamp taxes on cheques, drafts and other bills of exchange. During the year 1922 this government collected from the people of Canada in taxes the sum of $320,320,945, and during the year 1926, just ended, they collected $324,860,000. During the period from 1922 to 1925, while the taxes were being increased, the government received from other sources large amounts that should have been used to reduce both our national debt and the taxation which we are paying. In 1922 the government received from the Imperial government, as Canada's share of payments made by Germany for the cost of the army of occupation, the sum of $6,314,500, and in the same year the Imperial government reduced its indebtedness to Canada by $18,694,730. In the year 1923 the government received from the Imperial government, in settlement of exchange rates on payments from July 1920 to August 1921, the sum of $8,193,333, and in the same year the Imperial government reduced its indebtedness by $56,226,198. In 1924 this government received from the Imperial government, in settlement of exchange re the Minister of Shipping, $632,500, and in the same year the Imperial government reduced its indebtedness to Canada by $66,469,227. I am not familiar enough with the system of bookkeeping in vogue with this government to know whether these amounts which were received from the Imperial government were taken into consideration in connection with the national debt; I do not know how they were handled. I do know, however, that the government received in cash from profits in exchange and from other sources, the sum of $15,140,333, and during the period 1922-24 the Imperial government reduced its indebtedness to this country to the extent of $141,390,156. Taking only the rate of interest paid on that amount, at 5 per cent, it would come to $7,069,507 which, together with the amount received from profits on exchange of $15,000,000 odd, would make a total of $22,209,841. I say, therefore, that this government during those

years from 1922 to 1926 should have been able to reduce the national debt of Canada as well as taxation.

They have reduced the debt this year and there are two reasons for that reduction. The first is that they have received an increase in revenue from taxation. In 1925 they received from taxation the sum of $293,914,518 and in the year 1926 they received $324,860,000, or an increase of $30,945,482. By reason of this increased amount of taxation taken from the people of Canada we have a reduction in the debt of $22,353,000, while the balance practically goes to make up the cash loss on the Canadian National Railways. The second reason for the reduction in debt is the increase in earnings of the Canadian National Railways for which we cannot give the government any credit. The increased debt due to the public by the Canadian National Railways in 1923-24 was $90,814,027 while this year, if I read the budget speech correctly, there will be no increase in debt due to the public. As a result of our expanding revenues attributable to the great increase in taxation collected and to the improved showing of the National Railways, reductions in taxation could no longer be delayed. Certain reductions have therefore been effected in the different fields of taxation. As regards these reductions, which the government's supporters hail with such delight, I would point out that with the exception of the reduction in postage the direct taxation which the government proposes to reduce was either inaugurated by them, as in the case of the receipt tax, or increased as in the case of the sales tax.

With regard to the income tax it has been quite generally recognized that a revision of the rates and simpler methods of computing the tax have been long overdue. I believe however that the income tax is the most equitable of all our direct taxes, inasmuch as it is based on the principle of ability to pay. Care must be exercised, however, to see that the amount levied is not too burdensome and that there shall not be paid into the treasury of the country in the way of taxation money which should be available for development purposes. From my personal point of view I think that the exemptions, both in the case of single and in the case of married men without dependents, are too high. I can see no good reason why a single person with an income of $1,500 or a married person without dependents and with an income of $3,000 should not contribute to the revenues of the country. When a person pays money directly into the treasury in the form of taxation he begins at once to take an intelligent interest in the affairs of the nation and to inquire into the manner in which his money is being spent. The rate of taxation on the smaller incomes should be low, but I submit that people who are in receipt of such incomes are far better able to contribute to the revenues than are thousands of others who do contribute heavily by means of the sales tax although they are in receipt of incomes far less than those I have mentioned.

I want to give a comparison now of the receipts from sales tax and from income tax. In 1922 the amount received from sales tax was $61,518,751, and in that year the sales tax was increased from three per cent to four and a half per cent. In the year 1923 the government collected $91,262,255 and during that year the sales tax was increased from four and a half per cent to six per cent, so that in 1924, in view of that increase the government collected from the people of the country $100,990,078. During that year, owing to certain representations which were made to the government, the sales tax was reduced from six to five per cent, so that while in the year 1925 we received $66,707,370, in 1926 we received $71,900,000. Let us take the same years, and see what we received from the income tax:

Income Tax Receipts

1922	$78,684,355
1923	59,711,538
1924	54,204,028
1925	56,248,043
1926	55,530,000

The government has received both from Liberal and Progressive members of this House, as well as from certain sections of the country, much favourable comment because they have reduced the scale of income tax and have thereby done so much for the common people of Canada. The exemption in the case of single persons has been raised from $1,000 to $1,500, and for married persons without dependents from $2,000 to $3,000, but I would like to point out that the majority of the common people of this country have incomes much less than those amounts, and the reduction in the income tax means nothing to them, while a reduction in the scale of the sales tax would mean a great deal to the common people of this country—and when I speak of the common people I mean those in receipt of small incomes. The sales tax is a tax which bears heavily on people in receipt of small incomes in this country. The man with a family of four or five children has in many cases an income of much less than $2,000, and in endeavouring to clothe and feed and educate his family he is asked by this government to contribute heavily to the revenues of the country on practically everything he

buys. I would like to point out to the hon. member for Brandon (Mr. Forke) that if he is so much concerned for the welfare of the common people of this country, those who are in receipt of small incomes, he missed a glorious opportunity to use his great influence with the government to have the sales tax either reduced in rate or entirely abolished. The minister, no doubt, is loath to reduce the sales tax because it is too good a revenue producer. It makes a good headline in a newspaper to say that the income tax has been reduced. The income tax is a direct tax, and the man who has been paying it immediately recognizes the fact that his tax is coming down. The sales tax, on the other hand, is an indirect tax, and the minister did not reduce that tax, I believe, because the reduction would not be so noticeable. But it is of all our taxes one of the most unjust, and in my opinion, it should be either reduced or entirely removed.

While the reduction in our postage rate on letters makes a popular headline, the savings to the average householder by this reduction would amount to not more than 50 cents a year, because the tax still remains on letters and postcards posted at and intended for delivery through the same office. Those who will benefit most from this reduction are the large financial and mercantile establishments, such as the mail order houses. While this tax is being reduced, I would like to point out to the government that many sections of the country are badly in need of rural mail services. I have had letters, since coming down here, from my own constituency asking for one of these rural mail delivery services to be inaugurated, and I have endeavoured to do something along that line, but so far without any result. I believe it is the policy of the department at the present time not to inaugurate any more of these services on account of the deficit in the Post Office Department. While I trust this reduction in taxation will mean increased revenues to the Post Office Department, I would point out that during the year 1925 there was a big deficit in that department. On consulting the public accounts I find that in that year the expenditure for all services was $31,721,542.75 and the total revenue $28,793,816.86, or a deficit of $2,927,725.89 in the Post Office Department for the year ending March 31, 1925. I have not been able to secure figures for 1926, but apparently the showing is much better. I did obtain the figure for the nine months of the present fiscal year, and I find that the expenditure for these nine months was $23,052,000 and the revenue $23,000,000, or a deficit of $52,000 for the nine months. We shall not know for some little time the total result of the Post Office Department for the year but I sincerely hope for the peace of mind of the minister we shall not have such a deficit as we had in 1925.

The receipt tax, which the minister has discontinued, was never enforceable. It was a tax which was evaded, I believe, more than any other of our nuisance taxes, and I think the minister has done well to abolish it.

With the exception of one or two items, the changes in the customs tariff, while mostly downward, do not affect Canadian industry as the reductions apply to products which are mostly not produced in Canada. But there was a reduction made in the duties on imported automobiles, and I would like to ask why this industry was singled out from among all our industries. The Minister of Finance gave as the reason that there was a pronounced sentiment in Canada that this industry was receiving too much protection. I believe the Minister of Finance is a business man, and I would ask him if he decides business matters in his own business in that way, basing his judgments on sentiment, or if he does not rather sit down and get all the facts and figures in connection with the case before him, and then form his judgment on those economic facts. Would he not, first of all, conduct an investigation into the proposed reduction in the price of any article in which he was dealing? In fact, is not that exactly what the Prime Minister promised would be done, both in his election addresses and in the Speech from the Throne brought down in this House in January last? I would like to refer to a speech which the Prime Minister made at Kingston during the last campaign, reported in the London Advertiser of October 20, where the Prime Minister is quoted as saying:

> We realize that our industries here have to have safeguarding with respect to competition from other parts of the world, competition from the country to the south, competition from conditions as they are in Europe, and we think that is all the more reason why, in these days of depreciated currencies, and the like, we should have the benefit of expert advice and information on all these great questions of the tariff.

I would like to ask hon. members from Saskatchewan, who believe more or less in the free trade principle, if they agree with the Prime Minister when he stated in that speech that all industries had to have safeguarding. I would also like to hear from our new Minister of Railways (Mr. Dunning) who was looked upon as the knight clad in glittering armour who was to come out of the west, unsheath his shining sword and do away with this iniquitous tariff.

Further on in the same speech the Prime Minister is reported as saying:

> We do not want to work injury to any industry. We want to help as far as possible all industries. We hope to make such readjustments of the tariff as will develop the industrial life of our country from one end of the country to the other.

He went on to elaborate in that speech how the tariff board he proposed to inaugurate would operate. In the Speech from the Throne we had it again promised that there would be no tinkering with the tariff, that there would be no reductions or increases in the tariff until after investigation had been made by the tariff board. This is the promise contained in the Speech:

> They believe that in the interest of industrial development every effort should be made to eliminate the element of uncertainty with respect to tariff changes; that changes in the tariff should be made only after the fullest examination of their bearing upon both primary and manufacturing industries and that representations requesting increase or decrease of duties should be made the subject of the most careful investigation and report by a body possessing the necessary qualifications to advise the ministry with respect thereto.

In view of these explicit promises made by the Prime Minister during the election campaign and contained in the Speech from the Throne, and in view of the fact that the tariff board was appointed eight days prior to the presentation of the budget, were not all industries in this country justified in believing that no changes would be made in the customs tariff until after full investigation? No governmental supporter has yet sought to justify the action of the government in breaking its pledged word; we have had many speeches by Liberal and Progressive members, yet not one speaker has attempted to justify the stand taken by the government. Not even the chief apologists for the administration—and I refer to the Progressive members to my left—have sought to do so, and previously during this session whenever the government was in difficulty we could always rely upon them to give their aid immediately.

A delegation came to Ottawa from the city of Oshawa. shortly after the budget had been brought down, asking that the duties on automobiles be not reduced but restored tc the old scale. The Prime Minister told the delegation that parliament would decide on the matter. That sounds very plausible, but while we are asked by the government to decide this matter, they have not submitted any facts or figures, without which we cannot reach an intelligent conclusion. Since parliament is to adjudicate on this matter the government should lay on the table all the data they have, including the reports and expert advice the Prime Minister stated they had received. That has not been done, for the simple reason that this government wished to make a spectacular move which would gain for them a cheap popularity.

The arguments advanced by those supporting the reduction in automobile duties is that the prices charged by the makers of Canadian cars have been too high, notably in the case of the Ford car. The duty on this class of car has been reduced from 35 per cent to 20 per cent, with a corresponding reduction in price of from $15 to $45. If a reduction in price were the only consideration, the result could have been more easily attained and a much greater reduction made by simply removing the sales and excise taxes. Then an investigation could have been held by the tariff board to determine whether or not the manufacturers were using the protection accorded them to exploit the people. However, if those desiring cheaper cars do not agree with that argument and think the tariff has everything to do with the price, I would ask them to be logical. Hon. members to my left and from Saskatchewan argue that they want cars, notably the humble Ford, at the very lowest price possible. They have argued at great length that the 35 per cent duty has been simply added to the price of the car. If that is the case—which it is not, but which we will assume for the purposes of argument—if the price is the only consideration, the duty should be removed altogether, and not merely reduced. If these champions of the government, the Progressive group and the members from Saskatchewan, adhered to their expressed principles they would have forced this government to entirely remove the duty on cars. They had it in their power; this government could not have refused and continued in office, and we all know how tenaciously they cling to office. During the last ten years I have heard from many public platforms and read in many papers and pamphlets the attitude of the Progressive party on the tariff. According to their expressed beliefs the tariff policy of the country has been and is absolutely wrong and indefensible, and when opportunity offered they intended to exterminate it, root and branch. The opportunity arrived during this session; the Progressive party had it in their power to challenge the protective tariff; had they so desired they could have made the automobile duties the issue, and insisted upon their removal. The government would have had to capitulate or appeal to the people, then the issue would have been clearly joined and the people would have had an oppor-

tunity to pronounce their verdict as to whether this country should have a free trade or a protective policy. I was more than astonished when I heard the hon. member for Brandon (Mr. Forke) enunciate the new policy of the Progressive party, which I find at page 2618 of Hansard for this year:

> We have stated our position in relation to the tariff and perhaps I may state it again, although not definitely. I am not going to say just how low I want the tariff, but I want a tariff low enough at all times to permit of outside competition. Such a tariff is the only safeguard which the consumers will ever have: there must be outside competition with home industries. And that is about as definite as I will be at the present moment on the tariff. Is there anything selfish in that? It is a legitimate policy and one which we are prepared to stand by. We have nailed our colours to the mast so far as the tariff is concerned and I can see nothing blameworthy in the position we take.

That policy, Mr. Speaker, is but the palest imitation of the free trade argument thundered forth from many Progressive platforms. That does not go even so far as a tariff for revenue only. The hon. member states that they have nailed their colours to the mast; I would like to say that they have changed their colours, and instead of the red flag of a fiscal revolution they have hoisted the white flag of abject surrender. Then the hon. member for Brandon in April of this year addressed the Canadian Club of Toronto, and in the Toronto Star of April 12 is reported as having said during the course of an interview:

> The present Liberal government at Ottawa, in the opinion of the Progressive leader, will last this session without any difficulty. "It may last its full term," he said. "I suppose it depends on my crowd."
>
> "After all," said Mr. Forke, "Progressives are simply Liberals in action. I believe Mr. King is a Liberal. When I say that, I mean a real Liberal."

And further on:

> Mr. Forke denied the stories about wielding the big stick over Mr. King. "There's nothing in it," he said. "I think we're learning by bitter experience that Progressives can't be as independent as we should like to be.

Mr. FORKE: I would like to ask whether the hon. member is reading from the Toronto Star.

Mr. MURPHY: Yes.

Mr. FORKE: I want to say emphatically that I did not speak to a Star correspondent while in the city of Toronto.

Mr. MURPHY: I do not think the hon. member will deny that he made a speech before the Canadian Club of Toronto; it is just possible that the Star reporter was present and it is also possible that the hon. member was interviewed by the reporter without being aware of the fact.

Mr. FORKE: No, I am not so dense as that.

Mr. MURPHY: I have not heard the hon. member deny that those are his statements. He has said that he was not interviewed by a Star reporter, but he has not denied the sentiments expressed in this report. In any case, judging from the actions of the hon. gentleman in this House, we know that this clearly expresses his attitude. Further, the newspaper report credited Mr. Forke with the statement that the Progressives were learning by bitter experience that they could not be as independent as they would like to be. I can readily understand those sentiments, because during the campaign of 1925 there was no Liberal candidate in the riding of Brandon which the hon. gentleman represents. A man was nominated to carry the Liberal colours in Brandon, a man who had been Premier of Manitoba and who should have been accorded the right to carry the Liberal standard in that constituency; but for some reason or other he was taken away from there and ran in South Winnipeg. I can readily understand, therefore, the tender feeling with which the hon. member for Brandon would regard the continuation of the King administration. It surely cannot be that the members of the Progressive party are afraid to place the issue squarely before the Canadian people, that they have not the courage of their convictions, but prefer to barter with a weak government for a reduction of the tariff because of the unique position they occupy in this House. Surely they are not afraid to let the people of Canada decide the issue. If they do fear a decision by that tribunal then their attitude is a most selfish and sectional one and constitutes the gravest violation of the principles of true democracy as it substitutes minority rule for rule by the majority.

We have wasted hours and days of valuable time in useless argument regarding the duty on automobiles. This discussion might as well have taken place on the duty on boots and shoes, on the duty on clothing, or on hundreds of other articles in our tariff schedule. To me it seems the very height of absurdity for this House to waste its time and its energy in arguing whether the rate of duty should be thirty-five per cent, twenty-seven and a half per cent, or any other rate, until the principle of our fiscal policy has been definitely adopted. There can be no compromise between the doctrines of protection and free trade; either the one or the other must be chosen as the fiscal policy for Canada; and while we have, and have had since 1878, a protective fiscal policy

it is being improperly applied to-day owing to the uncertain course of this administration, with its attendant evils of instability and lack of confidence. Is it not about time that the members of the major groups in this House, who believe in protection, should cease their futile arguments over tariff rates, leaving such questions to be worked out on a scientific basis by the tariff board. The days that have been wasted over these details should have been devoted to an intelligent study of our pressing national problems such as transportation, emigration and immigration, the conservation of our natural resources, and the manufacture of our raw products into finished articles in Canada. I wish to make my position clear on this matter, and beg to state that, while I am a believer in a national protective policy for Canada, I hold no brief for the automobile or any other manufacturing industry, and when it is shown after proper investigation by an impartial tribunal such as the tariff board that unfair advantage is taken of the tariff by a manufacturer to make undue profits or to charge excessive prices for commodities, I will lend my efforts to remove or reduce that tariff; or if better means can be devised to take from that particular industry its ill-gotten gains, I will support such a policy.

The hon. member for Lisgar (Mr. Brown), when speaking a few days ago, made a few kind remarks in regard to certain members including myself. At page 2948 of Hansard he is reported to have made the following statement:

> I want to point out, especially for the benefit of the hon. member for Marquette, the hon. member for Neepawa (Mr. Murphy), and the hon. member for Springfield (Mr. Hay), that in my election campaign I was opposed by a Conservative. He announced his policy and said that if he got into parliament he would stand for the reduction of the duty on autos. He declared, "That is our policy, that is what we will do."

I do not know what the Conservative candidate said during the election campaign in Lisgar, as to that I am prepared of course to accept the statement of the hon. member, but I can clearly state what I told the electors in my own constituency, and that was that I stood clearly for the protective policy as enunciated by my leader. Further on the same hon. gentleman is reported as saying:

> On the question of the reduction of the duty on automobiles, I think I am safe in asserting that it will meet with the approval of the people of Manitoba, and I would just like to say for the benefit of my hon. friends that as I took good care that the people were not deceived at the last election, so we will take good care if we have to deal with the matter again to see that the situation is correctly presented to the people and that hon. members will not be able to escape on a technicality.

It is indeed refreshing to find a man who is so honest that he feels it incumbent upon him to tell the people of Manitoba just what the hon. members for Marquette, Springfield and Neepawa did when they were down at Ottawa. It is too bad that the hon. gentleman did not live in the time of Diogenes, or in biblical times. He might then well have exclaimed with the Pharisee: "O'Lord, I thank thee that I am not as other men are."

Further on in the same speech the hon. gentleman said:

> But since the welfare of the country demands that the budget be supported, I naturally hope they will have regard to the national welfare and support the budget, as I intend to.

Well, Mr. Speaker, I have great regard for the national welfare. I have such regard for it that I believe that consideration for the national honour comes first, and that the pledge of the Prime Minister to the people of this country should be kept. Furthermore I have this to say: I hope that when the hon. member for Lisgar goes back and explains to the people in Manitoba how he and other Progressive members from that province voted on the budget, he will explain to them why he supported the budget after having committed himself to the policy announced in the Speech from the Throne that all matters in relation to the duty on automobiles, or any other article, should be referred to the Tariff Advisory Board. I also hope that the hon. gentleman will explain that he was as careful in this House to be as independent of the Liberal party as of the Conservative party. A policy of independence was the policy enunciated by the Progressives in Manitoba during the last campaign. They were to be as independent of the Liberal party as they were of the Conservative party; they intended to have no truck or trade with either. They insisted that all legislation should be settled on the floor of the House, and that there should be no party caucus behind closed doors. I believe the Progressive members do not meet in caucus but in what they call "conference".

Mr. CHAPLIN (Lincoln): In committee.

Mr. MURPHY: I hope the hon. gentleman when he makes the promised explanation will enlighten his constituents with respect to all these other matters at the same time.

Since I came to this House I have heard a great deal about the prosperity which is alleged to prevail in this country. Certain

figures have been quoted by hon. gentlemen opposite to substantiate that view, and they have always quoted figures showing the increase in the deposits in the savings banks, in the amount of life insurance, and so on. But never yet have I heard any Progressive member, or any farmer member, take the position that prosperity exists in the great industry of agriculture. We know such has not been the case in the west during the last four or five years. No, the reverse of that is true, in fact the farmers there were getting rather desperate with regard to the conditions which prevailed. And what was the remedy they were advised to adopt? It was that they should change their methods and adopt diversified farming. A great many farmers have done that. They increased, for example, their stock of dairy cattle, and commenced to produce cream and butter. But having done that, what treatment did they receive from the Dominion government? They were allowed to suffer from the most unfair rate in the tariff schedules. We have heard members of the Progressive party argue in this House that the farmers of the United States who were instrumental in having the Fordney-McCumber tariff put into effect now want the American duties lowered. May I ask whether any representations have been made by the United States farmers to secure a lowering of the forty-two cent rate of duty on wheat? Have they petitioned the United States government to lower the duty on cattle so that Canadian live stock could enter the large markets of the United States at Chicago and other large centres? No, they have not done anything of the kind. The farmers of the United States are so anxious to have the duties reduced that only a few weeks ago they procured an increase in the tariff on butter from eight to twelve cents per pound.

Not only were the farmers of the west subject to such unfair tariff schedules as were then in existence, but this government saw fit to make a trade agreement with Australia, and it has been argued that this competition is not detrimental to the Canadian producer. I always like to get my information first hand. I wrote to one of the creameries in my constituency, and I received the reply on April 16, in which the manager stated that the price of butter in that district, owing to the Australian competition, had been reduced four cents a pound during the last ten days.

Mr. MOTHERWELL: What date was that?

Mr. MURPHY: I received the letter on April 16 last.

Mr. MOTHERWELL: The price of butter always drops at that date.

Mr. CHAPLIN (Lincoln): I guess the cows go on the grass.

Mr. MURPHY: I would call the attention of the government to the following resolution which was passed on February 13, by the dairymen of Manitoba. I do not know whether the price of butter always drops at that time of the year or not—possibly the Minister of Agriculture can tell us.

Mr. MOTHERWELL: It is going up at that time.

Mr. MURPHY: Apparently they thought it had some effect then. The resolution reads:

Resolved that this association request the National Dairy Council of Canada to appoint at the 1926 annual meeting of the council a committee to wait upon the federal government at as early a date as possible to urge adjustment of the Australian trade treaty in so far as it affects dairy products.

And about the same time, on February 9, the Free Press in an editorial stated:

It is undeniable however that the Canadian farmers pay for this enlargement of markets for Canadian goods in Australia by having to face competition in our winter season of dairy and meat products in Australia.

Mr. MOTHERWELL: The price is going up.

At six o'clock the House adjourned, without question being put, pursuant to rule.

Friday, May 14, 1926

The House met at three o'clock.

SEALRIGHT COMPANY PATENT

Sir HENRY DRAYTON moved:

That, in accordance with the recommendation contained in the first report of the select standing committee on Standing Orders, May 11, the petition of the Sealright Company Incorporated, presented May 4, praying for an act to extend the time for payment of fees on a certain patent owned by the said company be now read and received.

He said: I may say that the motion was made covering some of the patents but for some reason or other this one was overlooked.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS

Bill No. 98 (from the Senate), for the relief of Joseph Robert Crow.—Mr. Duff.

Bill No. 99 (from the Senate), for the relief of Stanley Bennett.—Mr. Garland (Carleton).

Bill No. 100 (from the Senate), for the relief of Katherine Landon Foley.—Sir Henry Drayton.

Bill No. 101 (from the Senate), for the relief of Edith Annie Say.—Mr. White (Mount Royal).

Bill No. 102 (from the Senate), for the relief of Isabella Stewart Carmichael Wilson.—Sir Henry Drayton.

Bill No. 103 (from the Senate), for the relief of May Maud Mary Johnson.—Mr. Bell (Hamilton).

Bill No. 104 (from the Senate), for the relief of Roland George Wickens.—Mr. Arthurs.

Bill No. 105 (from the Senate), for the relief of Marjorie Durham Morgan.—Hon. Mr. Mewburn.

Bill No. 106 (from the Senate), for the relief of Amber May Wolfenden.—Mr. Bothwell.

Bill No. 107 (from the Senate), for the relief of Enda Beatrice Burley.—Mr. Hocken.

Bill No. 108 (from the Senate), for the relief of Bessie Hyde Lanyon Calhoun.—Mr. Donaghy.

Bill No. 109 (from the Senate), for the relief of Bleecker Foy Maidens.—Mr. Peck.

Bill No. 110 (from the Senate), for the relief of George Almon Wickett.—Mr. Peck.

ROUYN RAILWAY BILL

On the Orders of the Day:

Sir HENRY DRAYTON: Before the orders of the day are proceeded with, I should like to ask, now that we have all the papers, I think, in connection with the Rouyn Railway Bill, with the exception of the agreement with the province of Quebec, that agreement having been completed and appropriate legislation passed, if the government will forthwith table the agreement with the legislation.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The Minister of Railways (Mr. Dunning) is not in his seat just now, but I will direct his attention to the question of my hon. friend.

Sir HENRY DRAYTON: When the Minister of Finance (Mr. Robb), brought down the information, I think he was Acting Minister of Railways. It would be easy for him to supplement the information by bringing down the agreement.

CIVIL SERVICE SUPERANNUATION

EXTENSION OF TIME FOR MAKING APPLICATION

On the Orders of the Day:

Hon. H. H. STEVENS (Vancouver Centre): I would like to ask the government if any action is contemplated to extend beyond July 19, 1926, the time for making application to come under the provisions of the Civil Service Superannuation Act of 1924. My reason for asking this question is that quite a large number of employees of the government, for instance in the Taxation branch, have not as yet been brought under the Civil Service Act as permanent employees, and therefore have had no opportunity or right to apply to come under this Superannuation Act. Perhaps I cannot expect an answer to-day, but I should be glad if the government would consider the matter and intimate in a day or two whether the act can be extended for another year in order to afford an opportunity for the adjustment of some of these outstanding difficulties, and particularly to permit some of these employees, some of whom in the Taxation branch have been in the service for nearly ten years and who are not yet classified as civil servants, to apply to come under the Superannuation Act.

Hon. J. A. ROBB (Minister of Finance): As my hon. friend knows, the legislation creating the Taxation branch was introduced by a previous government and it was they who left the employees of that branch outside of the regular civil service. I make that observation in passing. I suppose that is why they have not come in as permanent civil servants.

Sir HENRY DRAYTON: Has my hon. friend just found that out to-day?

Mr. ROBB: No; I am just making that observation. As regards the question whether the act should be extended for another year, some applications have come in from different sources. It is pointed out by the actuaries that all this means an addition to the expense of carrying out the legislation and the matter requires a good deal of study. I will submit my hon. friend's question to the actuaries and I shall be in a better position to answer him in a few days.

Sir EUGENE FISET (Rimouski): I should like to support the contention of the hon. member.

Mr. SPEAKER: Only questions can be put on the orders of the day.

Sir EUGENE FISET: I should like to know what is going to be done.

Mr. STEVENS: I was going to offer a slight correction if the minister will permit me, namely, that some of the employees to whom I refer were appointed when the income tax legislation was first introduced which would be before the passing of the Civil Service Act. I merely offer that in correction of part of my hon. friend's statement.

Sir EUGENE FISET: What applies to employees of the Taxation branch applies also to a certain number of employees of the Department of Marine and Fisheries who are in the outside service, and who have not yet been classified by the Civil Service Commission. They have not yet had an opportunity of electing to come under the present Superannuation Act. I shall be obliged if the government will give due consideration to the observations of my hon. friend.

RAILWAY MAIL SERVICE

On the Orders of the Day:

Mr. J. A. CLARK (Vancouver-Burrard): I should like to draw the attention of the government to this telegram which I have just received from the Railway Mail Clerk's Association of Vancouver:

Strong objections voiced meeting railway mail clerks re action Post Office Department re adjusting runs this division necessitating removal forty-nine men and families. Please use influence to have department reconsider their action which means domestic and financial losses.

I would ask that this telegram be drawn to the attention of the Postmaster General and that the matter be reconsidered as it affects a large number of families.

IMPORTATIONS OF WOOL

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I should like to call the attention of the Acting Minister of Trade and Commerce to this Canadian Press despatch from Truro, Nova Scotia under date of May 11:

Stanfield's mills here, employing hundreds of people in the manufacture of underwear and other wool products, shut down to-night as result of the strike in Great Britain, which cut off the supply of raw material. Wool supplies for this mill were secured in England and the cessation of export due to the strike was given as the cause of the shut down.

Since protection seems to be desired by a large number of members in this House, has the minister considered the advisability of protecting the Canadian farmer against the importation of British wool?

PROPOSED NEW LINE TO PACIFIC

On the Orders of the Day:

Mr. A. DeWITT FOSTER (Hants-Kings): In the absence of the Minister of Railways (Mr. Dunning), may I draw the attention of the Prime Minister to this article appearing in the Canadian Gazette of London, and upon which I desire to found a question:

Proposed New Line to Pacific Coast

The Winnipeg correspondent of the Daily Mail states: "The Canadian Pacific Railway Company is planning a new line to the Pacific coast from Winnipeg. The proposal is that the Canadian Pacific branch line which is now being built in a north-westerly direction from the present rail end at Cutknife, Saskatchewan, is to be extended to tap the Edmonton-Dunvegan line at a point north of Edmonton, Alberta.

"This line, at present leased by the Canadian Pacific from the Alberta Government, is to be included in the Canadian Pacific system. The present E.D. and B.C. line is to be extended southerly to tap the Canadian National at Prince George, B.C. The Canadian Pacific is then to purchase the former G.T.P. line from Prince George to Prince Rupert, B.C., now part of the Canadian National system, thus completing the new Pacific coast outlet for the Canadian Pacific.

Have representations been made by the Canadian Pacific looking for the acquisition of that line?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I regret I am not in a position to say, but I will ask my colleague the Minister of Railways to give my hon. friend a reply when he is here on Monday.

CONNAUGHT PLACE—ENLARGEMENT

On the Orders of the Day:

Sir GEORGE PERLEY (Argenteuil): When does the Minister of Public Works expect to be able to explain to the House the plans of the government in regard to the block of land which it is reported the government have expropriated in this city?

Hon. J. H. KING (Minister of Public Works): I imagine there will be an opportunity of going into the matter when we are dealing with the estimates which I hope will come up shortly.

THE BUDGET

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

The House resumed from Wednesday, May 12, the debate on the motion of Hon. J. A. Robb (Minister of Finance), that the Speaker do now leave the chair for the House to go into committee of Ways and Means and the proposed amendment thereto of Hon. R. J. Manion.

Mr. T. G. MURPHY (Neepawa): Mr. Speaker, when the House rose on Wednesday I was endeavouring to show that the Australian and New Zealand trade agreements are subjecting producers of dairy products to unnecessary and unfair competition. I had shown by information that I had received from a local creamery in my constituency that the price of butter had been reduced four cents a pound this spring owing to the competition of Australian butter. I obtained from the Bureau of Statistics the importations of butter

into Canada for the period from October 1, 1924 to March 31, 1925 and from October 1, 1925 to March 31, 1926. I took those periods because the trade treaty with Australia came into effect on October 1, 1925. The following are the importations of butter for those periods:

	October 1, 1924, to March 31, 1925		October 1, 1925, to March 31, 1926	
	Pounds	Value	Pounds	Value
From Australia—				
Butter..	Nill	Nill	2,485,502	$910,814
From New Zealand—				
Butter..	2,688	$833	2,342,966	$928,345

When we compare these respective periods, therefore, we find that whereas we have imported from Australia and New Zealand butter to the total value of $1,839,159 during the time the treaty has been in effect, our imports amounted on the other hand only to the sum of $833 when there was no treaty. During the month of March of this year I happened to see in a window of one of the retail produce concerns in the city of Ottawa a display of Australian butter. I went in and made certain inquiries and learned that at that time this particular concern was selling between 300 and 400 pounds of dairy butter per week, and not only had they at that time no local butter in stock but for the three weeks prior to that they had not sold one pound of the Canadian product. And that store was only one of a chain of some fourteen shops owned by that concern. At the same time the three prairie provinces were exporting dairy butter as western Canada has overtaken production and is on an export basis twelve months in the year. I do not see why any government should subject the producers of butter in western Canada to such competition. They have to export their butter over thousands of miles of railway and then across the Atlantic to the markets of Great Britain while the people of Ontario cities are purchasing butter produced in Australia.

I want to deal for a few minutes now with the situation as it has developed in the province of Manitoba. Until now Manitoba has been almost entirely an agricultural province, but we shall not always remain a purely farming community. As a matter of fact the change is taking place to-day. Three-fifths of the land area of Manitoba is unsuitable for agricultural development. Up to the present we have depended entirely upon the growing of grain, but to-day the people of the province are beginning to realize the importance of development along other lines. There is now being built in Manitoba at Fort Alexander a pulp mill which, when completed, will have an output of 100 tons of pulp per day. During the last session of the legislature railway bonds to the extent of $3,500,000 were guaranteed by the provincial government for the building of a railway from Mile 8 on the Hudson Bay line to the Flin Flon mine, the guarantee to become effective only when the Flin Flon people expend thirteen or fourteen million dollars on development work in that area. The legislature has also guaranteed bonds for a railway from Winnipeg into the Rice lake mining area. The people of the province are coming more and more to appreciate the importance of general development along various industrial lines. The province, as I have said before, will not always depend solely upon one industry, the growing of grain. To become prosperous we must not only diversify our farming but we must branch out into other industrial activities. We have in Manitoba a water power capable of very considerable development. Indeed, competent engineers have expressed the opinion that there is as much potential hydro electric power available on the Nelson river, flowing into Hudson bay, as has been developed on the Niagara, and we have in Winnipeg the cheapest hydro-electric power to be found on the American continent.

With the resources latent in the province of Manitoba, including pulpwood and minerals, and with the electrical power available there is no reason why our province should not become one of the greatest manufacturing centres of this Dominion. We can manufacture in Winnipeg and in Manitoba generally, we should manufacture the agricultural implements needed in the province and other parts of the west and we have also the facilities for manufacturing our own boots and shoes, our own clothing and other necessities. It is because the people of the province have wakened to the necessity for general industrial development that, in my opinion, there are in this House seven Conservative members from Manitoba whereas in the last parliament there were none. The development of the province along one line is not in the best interests of the people of Manitoba any more than it would be in the interests of the Dominion as a whole if the activities of the people were centred in one industry. A few years ago we bent our efforts to the development of one industry, namely, the growing of grain and as a result of that one-sided development the people of the province suffered whenever there happened to be a poor crop. The greatest handicap under which we have suffered in

the past, and from which as a matter of fact we are suffering to-day, has been that restricted policy which has been the means of driving hundreds and thousands of our young men away from the province. Many of the sons of our farmers in Manitoba, on reaching the age of discretion, decided that they did not want to become farmers. Some of them entered the learned professions and some of them took advantage of the technical school in Winnipeg to fit themselves for an engineering career. With what result? When they had received their education and had graduated they found that there was no opportunity for them to apply their talents in their own country. From my own town of Neepawa many young men, after obtaining scholarships in our educational institutions, have drifted away. I do not know of one of those young men who took the engineering course in Manitoba who is to-day in employment in Canada. They have all migrated to the United States. I am sure the same is true of other parts of the province.

Not only do we need the establishment and development of new industries in Manitoba, but we require also, for the greatest success, the completion of the Hudson Bay railway. I do not intend to deal at any length with this subject nor, to dwell upon the circumstances whereby this road has been left in its incomplete state, having been built within ninety miles or so of its terminus. Every government, leader and parliament since 1881 have committed themselves to the building of this road. In 1881 charters were granted by the government of Sir John A Macdonald to two companies for the undertaking and in 1884 the same government made a land grant of 6,400 acres per mile in Manitoba and 12,800 acres per mile in what was then the Northwest Territories, to insure the building of the Hudson Bay railway. As a result of that policy the road was built up to the present site of the town of the Pas.

I was interested in reading in the Ottawa Journal of May 11 of the present year, an editorial on the Hudson Bay railway. I shall not read the whole of the article, but I shall quote certain facts which the writer thought he had deduced from a debate which had taken place in the Senate this year:

Fact No. One: That lands sold in the west under the legislation of 1908 had no relation whatever to the construction of the Hudson Bay railway.

Fact No. Two: That these lands would have been sold had the Hudson Bay railway never been mentioned.

Fact No. Three: That none of the lands sold was in the Hudson bay area.

Fact No. Four: That, consequently, the whole of the $21,000,000 thus far spent upon the Hudson Bay railway has come out of ordinary national revenue, i.e. the taxpayer of the country.

At this point I should like to pay a compliment to the two daily papers published in the city of Ottawa. I have read them very carefully ever since my arrival in the capital in January, and I really think they are two very high class journals, but on the subject of the Hudson Bay railway the Ottawa Journal seems to suffer from a kind of mental hydrophobia. About the year 1896 or 1897, Messrs. Mackenzie & Mann, a firm of railway contractors, undertook to build a railway from Gladstone, Manitoba, to Dauphin. At the same time they purchased from Mr. Sutherland who had obtained a charter in 1881 for the building of the Hudson bay road, a controlling interest in the South Saskatchewan and Hudson Bay Railway Company. When the line was built as far as Winnipegosis, Mackenzie & Mann continued westerly into the province of Saskatchewan rather than on to Hudson bay. In 1905, upon the creation of the provinces of Saskatchewan and Alberta, the demand became insistent for the completion of the Hudson Bay road. And the Hon. Frank Oliver, the then Minister of the Interior, on behalf of the government entered into an agreement with Mackenzie & Mann under the terms of which they relinquished the Hudson Bay charter and undertook to build a line from a point on the Dauphin and Prince Albert line to the Saskatchewan river, the government undertaking to sell sufficient homestead and preemption lands to provide for the completion of the road to the bay. As a result of that policy Messrs. Mackenzie & Mann built from a point on the Dauphin and Prince Albert line to the site of the present town of The Pas.

I have said that the government of the day entered into a contract with Mackenzie & Mann in 1905 by which the firm relinquished their charter. In 1908 the federal government caused an amendment to the Dominion Lands Act to be passed. On that occasion Hon. Frank Oliver said he found incongruities in the act which made the administration difficult. He also stated, as one reason why he wanted these amendments made to the act, that it was not the policy of the Laurier government to make grants of land towards the building of railways. In that connection I would refer to the debates of 1908, as reported in volume 6 of Hansard. At page 11130 of that volume I find Mr. Oliver reported as saying:

Therefore, it is a plain proposition. There is, as it were, a mortgage standing against the lands of the

northwest in respect to aid to a railway to Hudson bay. The necessity of such an outlet is greater than ever before and is more impressed on the minds of the people than ever before. Therefore in wiping out the mortgage upon the lands on behalf of a railway to Hudson bay, if we undertook to do as we propose in this act, it is necessary that we should place something in its stead, and that is the proposition that I desire to lay before the House.

Then further on the the same page:

That is to say, in regard to certain sections to allow the homesteader to buy an adjoining quarter section at a fixed price under settlement conditions. We believed that by the revival of this privilege we would create a new source of revenue to the Dominion treasury that would be adequate to meet the responsibilities which would have to be assumed by the construction of a railway to the bay.

And again, on page 11135, he is reported as saying:

There was no suggestion of restriction of the area to which the bill of last year applied.

Mr. Oliver had introduced amendments the year before but they had not been adopted; they were dropped.

My fear was that a question might have been raised as to whether the provision was adequate or not. What I had in view was to place before parliament a proposition that should put beyond question the fact that we had adequately provided assistance from an entirely new source of revenue to enable the Hudson Bay railway to be built.

And again on page 11138:

The point we have in view in regard to this pre-emption matter is that there shall be a railway built to Hudson bay. If we can get a railway built to Hudson bay without any pre-emption provision at all then I am not insisting upon the pre-emption provision. But I am insisting upon the pre-emption provision as a means of ensuring the early building of a railway to Hudson bay.

And again at page 11150, in answer to a question, Mr. Oliver said:

We do not propose that the building of the railway shall await the sale of 5,000,000 acres of this land, but we want to be able to say to the people of the country that if we find it necessary to pledge the credit of the country to an extent to raise sufficient money to aid in the building of the Hudson Bay railway, here is a new source of revenue that will relieve them of the burden of the responsibility they thus undertake.

I think, Mr. Speaker, from the evidence I have submitted, that the statements of the Ottawa Journal in the editorial in question are not facts but fiction. Now, from the year 1908 onward successive governments have recognized that the moneys derived from the sale of these lands were to be expended for the completion of the Hudson Bay road. The people of the west purchased lands on that definite understanding, and to-day there is a contractual obligation resting on the federal government to keep faith with these purchasers.

[Mr. Murphy.]

In answer to certain questions which I put on the order paper earlier in the session I obtained information to the following effect. Under the provisions of the act of 1908, as amended, there were 14,085,880 acres sold, of a value of approximately $42,257,640. Of that amount $19,837,288 have been collected, and there is still owing the sum of $7,300,000, leaving a total to the credit of the fund of $27,137,288. Of that amount $14,944,870 was expended up to February 28 of the present year, so that there is still a sum of $12,192,418 to the credit of the fund. I have said that the total amount collected was $19,837,288. Of this amount the sum of $14,944,870 has been spent, leaving a cash credit of $4,892,418. From the very first there has been determined opposition in certain quarters to the completion of the road and now that the completion is likely to be carried out, the opponents of the project are trying to reopen the question of the relative merits of Churchill and Nelson as a terminal. The port of Nelson was chosen as the terminal by two successive governments, after full investigation and report by competent engineers. Over $6,000,000 has been spent on the development of Port Nelson up to the present, and knowing these facts supporters of the road realize that a red herring is being drawn across the trail. But Mr. Speaker, we refuse to be drawn aside; we think there have been enough investigations during the last forty years, and that the time for action has now arrived.

The Conservative members from the west are frequently slightingly spoken of in this House as representing minorities. For the three prairie provinces, which may be taken as an economic unit, I would like to submit that the Conservative members do not represent minorities. I find that in these provinces during the last election there were cast for Conservative candidates 171,263 votes; for the Liberals 161,114 and for the Progressives 159,042. To elect each of the ten Conservatives from the prairie provinces it took 17,126 votes; for each Liberal 8,056, and for each Progressive 7,229. If the Conservatives were represented in this House according to the number of votes cast we would have at least twenty members instead of the ten we now have. I speak of this, Mr. Speaker, for the simple reason that the Progressives arrogate unto themselves the right to voice in this House the sentiments of the west, and I claim that the twenty-two Progressives, who represent only 116,114 votes do not express the feelings of the people of the prairie provinces any more than do the ten Conservatives, representing 171,263 votes.

The Progressive movement is not as strong and flourishing as it was a few short years ago. There is published in the west a paper called the Grain Growers' Guide, sometimes known as the Progressives' Bible. During some preceding years the subscription price has been $2 a year, $1 of which went to pay for the paper, the other dollar being the membership fee in the farmers' local. But so badly have the Progressives fallen off—

Mr. FORKE: I do not wish to let that statement pass, Mr. Speaker; the hon. member must know that he is not stating the fact. I have taken the Grain Growers' Guide for a good many years—

Mr. MURPHY: Is the hon. gentleman asking a question?

Mr. FORKE: Did I understand my hon. friend to say that $1 paid for membership in the United Farmers, and $1 went to the paper?

Mr. MURPHY: That is my information.

Mr. FORKE: The hon. member is mistaken.

Mr. MURPHY: I think I am absolutely correct. That may not apply to a certain year which the hon. member has in mind, but I am sure that the facts have been as I have stated for at least some years. I have in my hand a notice from the Grain Growers' Guide, which says:

> Great bargain! Guide subscription rate is now $1 for three years.

The Progressive party have fallen on such hard times in the west that they have had to make bargain rates for the organ which is supposed to represent Progressive opinion.

In conclusion, Mr. Speaker, I would like to make my position clear regarding the fiscal policy of the Conservative party. As I understand it the aim of the Conservative fiscal policy is to manufacture Canadian raw products in Canada; to stimulate the development of Canadian resources by the Canadian people; to develop industries of the right nature; a policy which will provide employment for Canadian workmen and provide traffic for our railways; a policy which will keep Canadians in Canada and attract other people to our shores; a policy which will accomplish all these results without exploitation of the people and which will restore confidence by placing our tariff on an adequate, scientific, and above all a stable basis. If Canada is always to remain a country of magnificent distances with a sparse population fringing its borders; a nation of producers of primary products, then the policy which aims at free trade is the right one. But I believe Canada has a greater destiny before her, and that the proper way to make our country as far as possible a self-sufficient nation is by means of a national protective policy.

Mr. J. A. VERVILLE (Lotbinière) (Translation): Mr. Speaker, I consider it my duty to take part in the debate which has been going on in this House for several days concerning what we have agreed to call the budget.

First of all, Mr. Speaker, I take pleasure in joining my congratulations to those, most flattering and most sincere, which you have already received since the beginning of the session, on the great honour which has come to you and of which we are all proud.

You will find it quite natural for a beginner to crave your indulgence should my inexperience cause me to commit some faux pas, which will undoubtedly happen despite my best efforts to prevent it. Not having the advantage of sufficient fluency in the English tongue to permit of my speaking here the language of the very great majority of the members of this parliament, I do not feel called upon, however, to make excuses, since both languages are official and since I am convinced moreover, being true to my race, of the rights and the beauties of the tongue I speak. Allow me, in passing, to congratulate most sincerely the hon. member for North-east Toronto (Mr. Baker) on the splendid example he gave his fellow countrymen, and mine, the other day, when he spoke French in this House.

I have no intention, Mr. Speaker, of discussing in detail the Speech from the Throne, nor, especially, the very able and very sincere budget speech delivered by the hon. Minister of Finance (Mr. Robb) on April 15th. I merely wish to offer a few comments on certain questions which may interest the voters of my riding as also the voters of the district where I have the pleasure and the advantage of residing. Following the example set by several speakers since the opening of the session I take pleasure in acquainting you a little with the feelings and the needs of my constituents.

I shall not hide from you, Mr. Speaker, that the voters of the county of Lotbinière, which I have the honour to represent in this House, are very well pleased with the economic situation this government has placed them in. I represent a farming district where industries are few and far between. In certain parishes of course one will find small industrial establishments due to the initiative and energy of enterprising individuals; these

establishments deserve to survive, and deserve all the encouragement the federal government can give them. But those who are at the head of them are workers who do not rely solely on legislation and tariff increases to succeed in business; but who rely chiefly on their own initiative and on the industry of their workmen.

As regards the farmers, who make up the large majority in the constituency I represent, they have felt, and still feel, the terrible crisis which followed the war. They are the ones who need protection, but that kind of protection which, while favouring them, will work no harm to the other classes of the community. To my mind the best protection the present administration could offer the agricultural class would be to afford them easier access to the markets of the world for the sale of their produce. Our farmers do not fear competition; they would rather have access to the markets than keep their produce at home so as to avoid competition.

When the election was being fought last fall I had the advantage,—if it might be called an advantage,—of being present at a large Conservative rally; and it amused me to hear distinguished speakers, with magnificent voice and gesture, their arms spread as though on a cross, their eyes lifted skywards, tell us that things looked very dark in the homes of our farmers, that even bread was getting scarce and that those who wished to avoid death by starvation had no choice but to nail boards over the windows of their homes and to leave Canada for the States. And the Liberal party was held responsible for all this. The result of the election shows that our good farmers are intelligent enough to judge their situation for themselves and that they laugh at calamity howlers just like the citizens of the province of Quebec laughed at Mr. Patenaude. At all events the situation of the farmers in my county, and I have reason to believe that the same thing is true elsewhere, has improved considerably within the last few years. And I claim that this is due in great measure to the wise administration of the present government during the last five years. One is inclined to wonder if Providence is not on the side of the Liberal party for whenever that party takes over the administration of public affairs conditions improve and the country prospers; while the facts prove that exactly the opposite happens each time the Conservative party is at the helm. I am loath to acquire a reputation as an overzealous partisan for speaking thus frankly; but I have always said what I thought and I do not wish to lose this habit

in the House. Besides, the facts are there to prove the truth of what I say; and if we discard the red or blue cloths which blindfold us we must admit that these things are true. At any rate the voters I have had the pleasure of meeting since the beginning of the session are pleased with the present government and congratulate the Liberal party for having stayed in power and thus ensured the prosperity of the country. Since the Finance Minister brought down his budget the people have been rejoicing; my constituents, like everybody else, have expressed their deep satisfaction at all the good financial tidings contained in the budget speech.

The government is surely deserving of our most hearty congratulations for their excellent work and the marvels accomplished. After five years of administration, having found public affairs in a terrible mess, confronted with the complete disorganization which followed the war, and despite the acute crisis which has been felt for several years, the government is able to announce to the country a not inconsiderable surplus and moreover its determination to lift some $25,000,000 of taxes off the shoulders of the Canadian taxpayer. I fully appreciate that there is no putting an end to politics; nevertheless one must recognize facts and call things by their right names. For my part, and I believe I speak for the great majority of my constituents, the present government deserves our congratulations for all the excellent measures they have brought to our attention and I consider it a duty to offer them mine.

Since the opening of the session it has been essential that we should discuss each day and every day Maritime rights, western rights, and the rights of other provinces. You will bear witness, Mr. Speaker, that we have not tired the House with the question of the rights of the province of Quebec. I would not wish to revive the old problem of provincial rights; and if I mention the matter it is merely because I wish to explain my own attitude; I believe in giving to each province, as to the representatives of every county, the greatest possible measure of justice, with absolute impartiality, but with firmness. I understand that certain needs are felt in each riding; and I shall tell you nothing new when I say that Lotbinière county has needs of its own. There is one problem in particular which interests my county and the neighbouring counties on the south shore.

Since 1922 my predecessor in this House has striven to have a proper roadway afforded to vehicular traffic on the Quebec bridge.

A detailed report on this question must have been forwarded to the hon. Minister of Railways.

Let me draw your attention to the following fact: Resolutions asking for the construction of a road for vehicles on the Quebec bridge were adopted by the county councils of Lotbinière and Lévis and the municipal councils of almost every parish of my riding and addressed to the Department of Railways and Canals. Owing to the enormous and ever-increasing traffic of visitors in that part of the province, in summer, and to the very important traffic of the people of my riding and of the two adjacent counties and the city of Quebec, the construction of that road for vehicles on the Quebec bridge is now a necessity. The present government would indeed earn the gratitude of the voters of Lotbinière were they to start work on this improvement without delay. A minute ago, I said that this improvement is now a necessity and I will add that an inquiry that was conducted has proven the idea to be a practical one. The engineers of the National railways are of the opinion, I am told, that there is in the centre of the bridge plenty of room for the construction of such a road and that the approaches and the floor of the bridge could be so arranged as in no way to interfere with the railways. As you know, in recent years, commissions have been flourishing and if I had my way, I would follow the suggestion that was made before and I would appoint a commission that we could call "the Quebec bridge highway commission," which would be authorized to undertake the work for the project I am putting before the House now. It will be said, I suppose, by certain parties, that at a time when the government are trying to balance the budget, it would not be fair to undertake such a work that may necessitate a large expenditure. I may answer that the country is well able to spend to-day half a million dollars which is the amount required for this work. I will say more: I believe that the Federal government could easily come to an understanding with the provincial government and the Quebec city council and share with those two bodies the cost of the enterprise.

I respectfully submit those facts to the government and hope that they will give them their best attention. There cannot be any politics or patronage in connection with the building of this road, its construction is in the public interest and is a public utility; everybody would profit by the road and be glad to have it.

Before I take my seat, Mr. Speaker, I wish to congratulate the hon. member for L'Assomption-Montcalm (Mr. Séguin) for the good move he made last week when he insisted on the use of bilingual postage stamps. I wholly agree with him and I am glad to see that there are yet in this House well advised people who wish to preserve for the province of Quebec and its inhabitants of French descent their full rights. Let us hope, Mr. Speaker, that we will always remember in all the measures that come before the House, as in the different departments of the government, that in the province of Quebec French Canadian citizens have rights equal to those of the citizens of the Maritime provinces, or of the prairie provinces or any other provinces as well and that those Quebec citizens are always respectful of the rights of others in the different parts of the country, but do not want others to abuse their generosity; they want others to remember that in this country the French Canadians are the pioneers unwilling to trespass on the rights of others and at the same time intent on safeguarding their own rights.

Mr. H. A. STEWART (Leeds): Mr. Speaker, at this stage of the budget debate it is appropriate that addresses should be as short and as pointed as circumstances will permit. I therefore propose to take a very brief portion of the time of the House this afternoon in dealing with some of the matters that are presented by the budget. The hon. gentleman who has just taken his seat (Mr. Verville) will pardon me if I do not deal directly with his address. I shall have to await the translation of it, but I assure him that I shall do him the honour to read it when the translation is available. It did not sound to me like the speech of a free trader, and I am going to assume that, like many of the other representatives of his province, he is a protectionist, and perhaps therefore we have very much in common and there would not be very much to criticize in his speech.

There have been, Mr. Speaker, several descriptions of this budget. It has been described as a popular budget. No doubt it was intended to be such, but popularity is as a rule of short life, particularly in matters political, and this budget is not, I think, as popular as it was on the day on which it was delivered. It has also been called the people's budget. I remember in connection with one budget—I think it was the first one delivered by the present Minister of Finance (Mr. Robb)—one hon. member of this House described it as a juggler's budget. That was because of the fact that the figures were rather difficult to understand, rather difficult to analyze, and perhaps did not really disclose clearly the actual state of affairs. I think it

was an appropriate description of that particular budget. I would describe this budget as one of insincerity and inconsistency. I say insincere, because of the manner in which the tax reductions in this budget are mentioned and dealt with. A great deal of credit is claimed for a reduction of taxation, and we are always pleased to note anything of that character, but Mr. Speaker, I think it would only have been fair and proper for the Finance Minister to point out that several of these taxes that have been reduced by this government were first put on by this government, and others that have been reduced were increased by this government.

Then in connection with the income tax reduction, which is, as I have said, very welcome, it comes only about two years too late. On this side of the House we have been pressing for it for the last two or three years, in pointing out the disparity between the taxation in Canada and the taxation in the United States, much to the disadvantage of Canada, in respect of its capital and of its industry.

The sales tax was, as hon. members know, increased by this government from 3 to 6 per cent, and subsequently reduced to 5 per cent. The stamp tax on cheques was very materially increased by this government, and remains as it was. An entirely new tax was put upon receipts. That has now been taken off, and is being claimed as an achievement.

I submit, Mr. Speaker, that when all this is taken into consideration, no real or substantial credit is due to this government in connection with the reduction of taxation which was, in the first instance, imposed or increased by this government.

I say this budget is inconsistent because it violates the clear, definite, positive pledges given by this government prior to the last election, and subsequent to it in the Speech from the Throne, in which it was stated definitely that tariff changes would be the subject of investigation by an expert commission before any reductions were made. The reduction in income tax gives rise to some speculation or comment as to the attitude of our Progressive friends. In the last parliament they were strongly in favour of this tax and loud in their protestations against any reduction in it. We have not heard in this debate one word of criticism from that section of the House in connection with the reduction in the income tax, and we wonder why this is the case. We wonder if a trade has been made, and if they have withheld criticism from the reduction in the income tax because of the concessions they are getting in respect of the reduction in taxation on automobiles. It is a matter for speculation, a matter for fair inference. Possibly before the debate is closed we may have some explanation of it.

While there is a reduction of taxation in this budget, there is no considerable relief for business nor any real stimulus to industry. What is vitally needed is a sweeping reduction of sales taxes and of super taxes on income in order that capital may be set free for the expansion of industrial enterprises and for projects of national development. As necessary is a revision of the tariff that will check destructive American competition with Canadian farm and factory products, give greater security to certain industries affected by the British preference, and guard against the inflow of goods made by cheaper labour in some of the countries of Europe.

The truth is that the greater burdens laid upon capital and industry in Canada as compared with the United States almost equal any protectionist duties levied in the interest of home industries, while the goods and products of Canada are shut out of the neighbouring country by a tariff which shows no mercy for Canadian farmers or manufacturers. It is even doubtful if the heavy Canadian surtaxes bring in as much revenue as would be realized under lower schedules. Taxes designed to punish the rich always bear more heavily upon the poor, and nothing is so fatal as scarcity of capital in an undeveloped country and particularly in a country lying, as we do alongside a rich and powerful neighbour with industries equipped and capital organized to challenge the commercial ascendancy of all other nations.

The new income-tax rates fixed by the budget give a measure of needed relief to smaller income-tax payers, but the schedules lack the essential element of equity; and when the best is said for what Mr. Robb has done, his budget is not so much a "people's budget" as a politicians' budget, designed to make votes for the government rather than to give fair play to capital, infuse energy into business, increase prosperity, and accelerate national progress.

The tariff policy of this country has been a subject of discussion for many years, and we had thought that it was fairly well established that a reasonable measure of protection was the policy of all parties until this government came into power. Certainly this is a matter which should be settled and established at the earliest possible moment. We hear voices in this parliament in favour of free trade and we are looking to the time when this issue will come before the people, clean and clear-cut, when it will not be en-

tangled with any side issue, and when it does come, Mr. Speaker, we, on this side of the House have no doubt what the result will be. As I have said, we hear several voices, more in this House than in the last parliament, in favour of free trade and one may hope the matter may be forced to an issue at an early date. As to the policy of the leader of this party and those who support him in this House, there is absolutely no question whatever. We stand for a fair, reasonable and proper measure of protection for agriculture, for industry and for labour, and the fact that we stood for this in the last parliament, went to the country with fifty-one followers, and came back with one hundred and sixteen is in itself sure proof that that policy met with the approval of a large portion of the electors. We have often been told of conditions in what is said to be free trade England, and it is interesting for us to note just exactly what is taking place there. I have here an extract which I think is worth reading, taken from the Saturday Evening Post of April 17, 1926. This is a very excellent American periodical and its editorial column is strong and clean. I think this article may be looked upon as a fair pronouncement and a fair indication of an independent opinion with regard to what is taking place in England. The article is entitled "Protection in Great Britain" and reads:

> The gradual trend to a protective tariff in Great Britain is in some respects the most notable of the postwar developments in economic policy. Protection has come into Great Britain through the back door of safeguarding the industries, but it has made entrance just the same. Each industry must prove its case, but apparently the appeal is made to a sympathetic bench. The debates in parliament and the controversies in the public press are illuminating and sometimes astounding. The protestant language employed by free traders is sometimes unrestrained to the point of insult. When so highly developed a British industry as cutlery seeks and obtains a high protective tariff, it is time to sit up and take notice, for something unusual is going on.
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> Taking cutlery as an illustration, the British goods are not only losing out in foreign markets but the foreign goods are invading the home market. Confessedly less durable than the British goods, the invading foreign goods look as good and sell for less. Is this high price of British goods due to low productivity or overorganized labour? Is it the result of antiquated equipment and methods? Is it the consequence of poor enterprise? These are all suggested as explanations, and indignantly repudiated by the classes concerned. Is it the result of underpaid labour in the countries from which the cheap competing goods come? Is it the result of depreciated currencies in competing countries? Is the Dawes plan responsible? Or debt payments? These are all offered in explanation. Finally, quite a large group hold the gold standard responsible at once for the loss of foreign markets and for the invasion of the home market by cheap foreign goods. And, of course, the successfully competing countries, ourselves included, flatter themselves that they have achieved a technical superiority over the British.
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> It is too early in the process to determine the truth. Time would make the facts clear if the course of events were to continue undisturbed. But political action will intervene. The Liberal party has been the party of free trade. The Liberal party is breaking up. The two-party system will persist in Great Britain, but the two parties will be the Conservative and the Labour parties. The left wing of the Liberal party will go over to Labour, the right wing will join the Conservatives. A few outstanding figures among the Liberals will stand aloof, faithful to their creed and protestant without avail. Both the Conservative and the Labour parties lean toward protection, but for different reasons.

Mr. SPENCER: What is the hon. member quoting from?

Mr. STEWART (Leeds): I am quoting from the Saturday Evening Post, April 17, 1926. The article continues:

> With the dissolution of the Liberal party, free trade will pass into history. The doctrine of protection will take on an imperial complexion. There will be empire preferences, with higher duties against the outside world. It will be a strange sight to see the British Empire, whose foreign investments and positive balance of international trade rest on free trade, undertake to deal as of old in her capacity of banker and shipper for other trading countries while setting up tariff duties at the briny borders of the United Kingdom. In the view of the traditional Liberal, it will be protection for senile, not for infant industries. In the view of the protectionists, it is an inevitable adaptation to a fundamentally changed world condition.

In that article there is food for thought on the part of those who favour protection and those who favour free trade. Whatever our views may be on this question I think we are all agreed that as far as possible we should have stability of tariff; that business should not be frequently disturbed by radical changes, by increases or reductions in the tariff. That I think is a fair statement and one that will find general assent.

I have before me a statement made by the ex-Minister of Finance, the Right Hon. Mr. Fielding on this point. When he was delivering his budget speech in 1923 in this House, he said:

> There is a thought which does not receive as much consideration as I think sometimes it should be given in public discussion, and that is the desirability of something like tariff stability. Business men do not like to be always threatened with changes in the tariff.... The tariff as it will be when the changes proposed to-day come into effect will be a moderate tariff and probably as low as the country can afford to have under present conditions. Of course we cannot expect that it will be satisfactory to everybody. It will not meet the desires of those who would rigidly apply the principles of free trade. It will not meet the wishes of the advocates of high protection.

The leader of the opposition at this point interjected:

> It comes pretty close to it.

Mr. Fielding continued:

I think the country should be content to accept the tariff as it will now stand as one as fair and reasonable as can be prepared under all the circumstances, and business men should be able to carry on the various enterprises without the fear of being soon disturbed by further changes.

The very next session there was unfortunately for industry in this country a cut in several items of the tariff. I refer to the tariff on agricultural implements and the result to the allied industries has been very harmful. It is true that the larger industries—

Mr. KING (Kootenay): To what class and to what body of people has the reduction been harmful?

Mr. STEWART (Leeds): To the smaller factories that supply the parts to manufacturers of agricultural implements. I would call my hon. friend's attention to the fact that there has been a continued exodus of the workers of Canada to the United States. Many that I know personally have gone as a result of some of the factories not being able to continue to operate and to give them employment.

Mr. KING (Kootenay): My hon. friend knows that it was in the year 1923-24 that 200,000 people left Canada supposedly for the United States. Since the changes in the tariff in 1924, the figures for 1925 show the exodus as being fifty per cent less, indicating that the tariff changes had nothing to do with the exodus.

Mr. STEWART (Leeds): I wonder how long my hon. friend thinks Canada can stand an exodus at the rate at which it went on for a few years.

Mr. KING (Kootenay): It has been going on for many years.

Mr. STEWART (Leeds): The exhaustion point would be reached in time. The rate of the exodus is bound to decrease.

Mr. KING (Kootenay): The exodus was taking place before the changes in the tariff in 1924.

Mr. STEWART (Leeds): And has continued since the changes in the tariff.

Mr. KING (Kootenay): At a reduced rate.

Mr. STEWART (Leeds): As I say the exodus cannot continue in such large numbers every year. Between five and six hundred thousand people have gone and more are going as a result of the recent changes and the threatened changes in the tariff. I am sure my hon. friend will agree with the argument I am endeavouring to make that we should have reasonable tariff stability in this country. I do not like to quote at too great length, but for the benefit of the Minister of Public Works I will read this article that appeared in the Toronto Globe on Saturday, May 1, of this year, dealing with the question of tariff stability:

With his usual pointedness President Beatty of the Canadian Pacific Railway told the members of the Canadian Daily Newspapers' Association on Thursday night that what this country needed more than anything else was stability of tariff. It is a statement with which all business men will agree, regardless of their preference for high or low protection. As Mr. Beatty says, it is common sense, not politics.

Business has become so intricate, the elements entering into it so finely adjusted, that it is highly sensitive, and may be greatly affected by slight changes in tariff. It is essential in a well-managed business that department costs bear a fixed relation to one another and to the complete product, while high-speed efficiency requires a minimum of lost motion in every avenue of expense and of waste material in every commodity used. It is plain that under these conditions it takes some time to establish basic costs upon which the machinery, both physical and human, will run with uninterrupted smoothness, and that uncertainty of obtaining and maintaining these conditions makes the life of a business rather precarious.

The tariff is not the only factor which may cause disturbance, but so long as an industry knows what contribution the tariff makes to raw material costs it is so much to the good in the matter of stability. It can commit itself to purchases on that basis, for a long time in advance if desirable. So President Beatty remarked that if he met a high-tariff man and a low-tariff man he would be disposed to say to them: "Gentlemen, fix it up bewteen yourselves, but fix it and make it reasonably stable." He added the significant comment that important British and American companies in many lines of manufacture were waiting to invest money in this country, and would not come in until they knew what our tariff was to be for a reasonable length of time.

Periodical tariff "tinkering" has a disrupting effect on business. When changes are needed they should be made only after careful, scientific study, with due regard to the fiscal requirements of the country, but as infrequently as possible.

That is the point I was endeavouring to make and I would like the Minister of Public Works to consider it and the statements made in this paper which is friendly to his government.

That brings me to the question of the tariff on automobiles and the tariff reduction proposed by this budget. This subject of the reduction in the duty on automobiles has engaged the attention of this House on previous occasions and has been fully discussed. I would refer to Hansard of the session of 1925 when the Minister of Finance (Mr. Robb) dealt with this matter, because his observations on that occasion are a little different from what he said in connection with the present budget. As reported on page 1185 of Hansard of 1925 the Minister

of Finance said, speaking of the amount of capital coming from the United States for investment in this industry:

> If his statement to-night is correct it would seem that there has been some United States capital invested in the business since then. But without going into that feature, I would remind the hon. gentleman that no matter where the capital comes from, the industry gives employment to Canadian labour. There are 78 plants engaged in the manufacture of automobiles and their accessories in Canada, employing Canadian labour, and subject to Canadian taxation, a considerable amount in taxes finding its way into the Canadian treasury.
>
> My hon. friend quoted some prices to show the difference in value between an automobile in the United States and one of similar pattern and style in Canada. I know of course that there is some discrimination, but we account for part of it ourselves. The hon. member will bear in mind that we place a sales tax on the automobile of 5 per cent, and we also impose a luxury tax of 5 per cent on automobiles costing up to $1,200, and 10 per cent on those over $1,200. I mention this figure to remind my hon. friend that the difference in the duty, even admitting his figures, does not account for the difference in the respective prices. I agree with the hon. gentleman that in many parts of Canada the automobile has become a necessity. But it is not always a necessity for there are many people owning and operating motor cars who in my opinion would be better off without them. . . . . As my hon. friend has truly said, we have in Canada a considerable number of cars. I do not remember the figures he gave but the record I have is 513,821. From the owners of these cars the provinces collect in taxes the sum of $9,290,900.82. . . . . The fact of the matter is that the automobile has cost the different provinces of Canada millions of dollars to improve their roadways besides huge sums annually to maintain them. I submit to the hon. gentleman that the automobile is a fair source from which to collect revenue.

That was in the session of 1925. At that time the Minister of Finance did not seem to be of the opinion that the duty should be reduced.

Mr. BOUCHARD: If my hon. friend's party were returned to power would he recommend an increase in automobile duties?

Mr. STEWART (Leeds): If my party is returned to power, as I think it will be before very long, it will live up to the pledges it has given to the people. What we complain of is that this government has not honoured its pledges. It went to the Canadian people and said that, so far as the tariff was concerned, no changes would be made before there had been a careful and thorough investigation. That is exactly what should have taken place in connection with the industry I am now discussing, and that is the policy which my right hon. leader (Mr. Meighen) laid down in a resolution presented to this House in June last. It is the policy that will be carried out on our coming into power.

Now, I was dealing with the tariff reductions on automobiles. If it is desirable to reduce the prices of automobiles—and I quite agree with the contention that as far as possible they should be reduced—the government had at its disposal a very sure and safe way of effecting such a reduction without injury to the industry. They could have removed the excise tax of five per cent on cars up to $1,200 and the sales tax on cars up to the same price. That would have meant a reduction in the case of a car costing $1,200 of $120 and it would have been a very much greater reduction than will be secured through reducing the duties as now proposed. In the case of a car costing $2,000 there would be at once a difference in price of $200 if these two taxes were eliminated. Having made such a provision to secure reduced prices the government could then have conducted an investigation into the main industry and all its allied activities to ascertain just how much protection they were receiving. Had they done so they would only have been following the course which they themselves outlined in their campaign speeches and in the Speech from the Throne.

This is the most severe and drastic cut in the history of the tariff as we have had it in Canada, and the effect will be far-reaching. Indeed, it is difficult to predict how serious the consequences will be, for there are so many allied industries dependent upon the manufacture of automobiles in connection with the supplying of parts and materials, and from the standpoint of capital invested. The amount of capital invested is very large indeed. The automobile and allied industries embrace hundreds of manufacturers engaged in the development of raw materials in all stages up to the finished product, and over $100,000,000 of capital is invested. There are also vast numbers of workers involved. The budget in its direct and drastic tariff reduction has therefore created a state of tariff uncertainty which threatens to have far-reaching effects on the country's industrial development. Whatever may be the fate of industries which have been established in Canada behind the tariff protection which has now been removed, and some or all of which industries may be closed as a result of imports from the United States, there can be little doubt that the establishment of further American plants in Canada, and the expansion of the industries already operating here, have been discouraged in a very definite way. The ramifications of the automobile industry can only be grasped when the extent of the purchases of manufacturers in the shape of supplies and materials is taken into consideration. It is estimated that parts sold to motor manufacturers during the past year amounted to some $50,000,000. So that we

have, as I have said, a very severe and drastic cut in the tariff, made without investigation or proper consideration, and in violation of the pledges given by this government.

A very large deputation having waited upon the Prime Minister (Mr. Mackenzie King) and members of the cabinet in connection with this proposed reduction, the Prime Minister said that his government would be influenced not so much by numbers as by arguments. Apparently the voice of 3,000 people speaking as one had little weight with him, whereas the voice of a few members within this House seems to have had a great deal of influence. There is no doubt whatever that this reduction in the tariff, in the face of the pledge given by the government that there would be an investigation and in the face of the statement contained in the Speech from the Throne to the same effect, is a matter of political expediency, pure and simple, and has nothing whatever to commend it from any other source.

I wish to place on Hansard a resolution passed by the council of the town of Gananoque. There is no automobile factory in that town but there are several factories that supply parts required in the industry, and this resolution will reveal how far-reaching will be the effects of the proposed reduction. The resolution was passed on April 20, 1926, and was forwarded to me in a letter addressed by the town clerk, Mr. J. H. Sampson. Mr. Sampson writes:

> I am directed by the municipal council of the town of Gananoque to forward you the following resolution passed at their meeting last night:
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> That this council of the town of Gananoque views with regret and great alarm the prospect of serious injury to the automotive industry of Canada as a result of the federal government reducing the tariff of import duties on automobiles, and that, in view of the fact that the prosperity of the industries of this town depend so much upon the prosperity of the automobile industry of Canada, and that the prosperity of the town in general is so dependent upon the work which its factories offer, we feel justified in presenting this motion of formal protest at the action which the government has seen fit to take. To us it seems, beyond the possibility of doubt, that the industrial life of Gananoque is seriously threatened by the budget now before the federal House, and we do therefore present this protest, believing it will receive the consideration which it deserves, we do so further move that a copy be sent to the Prime Minister Right Hon. W. L. Mackenzie King, as well as copies to the Hon. J. A. Robb and to our representative in the House of Commons, Mr. Hugh Alexander Stewart, K.C.

As I have said that shows how far-reaching the effect of a reduction in the tariff is. This deputation, it seems to me, furnished an unanswerable argument in connection with the proposed reduction. They referred to the paragraph in the Speech from the Throne dealing with tariff changes, and asked that there should be a thorough investigation before this reduction was put into effect. That is the position of these manufacturers, that is the position of these employees. I do not not know myself whether the duty is too high or too low, whether the proposed reduction is reasonable or unreasonable; all that I am contending for is that there should have been that thorough, complete, exhaustive, impartial investigation which the serious consequences of an action of this kind would warrant. It seems to me the action of the government in this matter is a breach of faith. Not only that, but it is a breach of contract, it is a breach of duty to Canadian industry and Canadian labour. The highest tribute that we can pay to an individual is to say of him that his word is his bond; and the highest tribute that could be paid to a government would be to say that it was honest, sincere and fearless in the discharge of its duties and fulfilment of its pledges. That tribute surely cannot be paid to this government by even its most ardent supporters. Rather must it be said that the making by them of a pledge is almost a sure indication that that pledge will be broken. We have had promises of tariff stability, but instead of tariff stability we have had tariff tinkering. We have had it to such an extent that the supporters of the government were compelled to rise in this House and register a protest. We have had it to such an extent that industry has become unsettled, it has lost confidence, there has been no expansion, and our people have been forced to go to the United States.

We had a pledge from this government, through its Prime Minister at Richmond Hill, that in view of the difficulties experienced in the last parliament, it would not attempt to carry on unless it was more strongly supported in the next; and although the result of that election was to defeat the Prime Minister and all of his ministers from Ontario, and to seriously reduce his following in the House, we find the government attempting to carry on in violation of the solemn pledge it gave to the people on that occasion. We had a pledge given to the House in the Speech from the Throne, a pledge which was very clear, definite and positive with repect to action in connection with the tariff. The House is very familiar with the government's pledge, but it will bear repeating. It reads as follows:

> They believe that in the interest of industrial development every effort should be made to eliminate the element of uncrtainty with rspect to tariff changes; that changes in the tariff should be made only after the fullest examination of their bearing upon both primary and manufacturing industries, and that re-

presentations requesting increase or decrease of duties should be made the subject of the most careful investigation and report by a body possessing the necessary qualifications to advise the ministry with respect thereto. A tariff advisory board will accordingly be appointed forthwith. This board will be expected to make a careful study of the customs tariff, the revenue to be derived therefrom and the effect of the tariff and allied factors on industry and agriculture.

If that did not constitute a solemn pledge to parliament and to the Canadian people I can conceive of nothing that would constitute a pledge, and yet the ink on that pledge is scarcely dry before this government proceeds to violate it by an unwarranted, an unreasonable, a drastic cut in the tariff to the great detriment of the automobile industry.

There are some respects in which I complain of this budget from another standpoint. The tariff should be raised in certain directions, and it should first be raised in the case of farm products. That has been very definitely and clearly set out as the policy of this party and of our leader. I am sure that what has happened in the last few months has amply justified that policy, and warranted us in our criticisms of the Australian treaty. We find that there came into Canada during the first three months of the present year the following imports of butter from the countries named:

	Australia	New Zealand	United States
	Lbs.	Lbs.	Lbs.
January, 1926.. ..	473,200	570,185	1,347
February, 1926.. ..	842,520	1,073,232	4,178
March, 1926	1,169,504	648,589	40,240
Total..	2,485,224	2,292,006	45,765

These imports had the effect of displacing an equivalent amount of Canadian butter in the Canadian market. Australian and New Zealand butter is being sold in the city of Ottawa, and in the other cities and towns of Ontario, in competition with our own Canadian butter. We prevent the manufacture and importation of oleomargarine, but what is the use of doing that if we are going to allow Canadian butter to be displaced by butter imported from Australia or New Zealand? This is a serious matter for the Canadian dairy industry. The Minister of Agriculture may contend that we were short of butter at this time, but the fact is that we were exporting some butter during those months. I have the figures from the Bureau of Statistics, which show that in January of 1926 we exported 182,891 pounds of butter; in February 72,480 pounds, and in March 119,542 pounds, or a total export of 374,913 pounds of butter in those three months. So it will be clearly seen that our own product is being driven off the market by Australian and New Zealand butter, which comes into Canada under the ridiculously low tariff of one cent per pound. As a result our agricultural interests are suffering, and we contend that in comparison with the duties imposed against us by the United States, our tariff should be raised. We import farm products from the United States to the value of over $100,000,000 each year, products which our farmers can and do produce, and which they are forced to sell in foreign markets.

There is another duty which I think should be imposed, Mr. Speaker. I hesitate to deal with the matter because it was so thoroughly covered by the hon. member for Toronto West Centre (Mr. Hocken). I refer to the duty on magazines coming into Canada. The hon. member made out a case which, in my opinion, is unanswerable. This importation has been going on to the detriment of Canadian publishers and other Canadian interests for a great many years. I wish in this connection to refer to an article appearing in the Toronto Saturday Night which sets forth my contention in this respect perhaps better than I could state it myself:

> There comes into Canada annually twenty-five million copies of American magazines. Many of them have a larger circulation in Canada than have our own journals. In the newspaper field United States journals are also eating their way in to an amazing extent. For instance, one "tabloid" newspapers, printed in New York, has a circulation of some 50,000 copies weekly in Montreal, and probably half that number in Toronto; while such newspapers as the New York Times probably sell to the extent of a million copies annually in this country.
>
> Slowly but surely Canadian publications are being crowded to the wall, and each day the position becomes worse. United States periodicals are practically given away to the readers in Canada, the national advertisers, with headquarters in the United States footing the bills. Presumably they get their money back by the sale of American goods to Canadians.
>
> A certain United States weekly publication now making a drive for more circulation in this country is selling for $2 per annum, of which amount $1.80 goes to the canvasser. The white paper in this journal could not be bought in the open market for less than ten cents per copy, to say nothing of the many dollars expended in one way and another before the finished product reaches the reader. And our postmen are becoming round shouldered carrying them around.
>
> We are merely being used as a dumping ground for surplus United States production, but unfortunately the dumping clause in our Customs Act does not cover the poor Canadian publisher. He is the one manufacturer of all manufacturers who has to stand the gaff.
>
> Of course there is but one end to such business, and that is the ultimate extinction of Canadian literature. In latter years Canadian printers, pressmen, and writers, have formed an unending procession moving toward the United States border. They are all going where they have a better chance, or from sheer necessity having lost their jobs.

And so on. The value of the Canadian press upon Canadian opinion can scarcely be

over-estimated, and if we are to maintain a proper national spirit in this country we must see to it that we have a Canadian press expressing Canadian ideals, and one which is not continually holding before our people the ideals of our neighbours to the south. Great as those ideals may be from their standpoint they are not our ideals. Further, it is undoubtedly true that our merchants are losing a tremendous volume of business every year because of the attractive advertising presented to the Canadian public in the immense number of American magazines sold from week to week. I can think of nothing more in the interests of the Canadian people as a whole than the imposition of a good stiff duty against these magazines.

Mr. FORKE: I would like to point out to the hon. member that he was advertising the Saturday Evening Post not very long ago.

Mr. STEWART (Leeds): I am not condemning the Saturday Evening Post.

Mr. FORKE: The hon. member was advertising it in the House of Commons.

Mr. STEWART (Leeds): And I am not a bit ashamed of doing so; I was advertising the editorial comment. That does not appear to please my free trade friend, but I think it is perfectly sound, notwithstanding.

Mr. FORKE: I did not read it.

Mr. STEWART (Leeds): Perhaps it would not have hurt the hon. member to have done so. I am not advocating the exclusion of this magazine, but I do say it is unfair for the Saturday Evening Post or any other magazine to come into Canada below cost.

Mr. FORKE: It is the worst offender, regarding advertising, of all the periodicals we get.

Mr. STEWART (Leeds): If it is the worst offender it will be the hardest hit if my suggestion is adopted. While many of its editorial articles are attractive and sound, the advertising is to the detriment of the Canadian people and Canadian merchants, and I sincerely hope the government will consider the imposition of a duty such as I have suggested on the advertising matter appearing in these publications.

I believe that concludes what I have to say regarding the budget, and I wish now to deal with the amendment presented by the hon. member for Fort William (Mr. Manion). One very remarkable thing I have noticed in this debate is the studious way in which hon. members opposite have evaded or avoided this amendment, which reads as follows:

[Mr. H. A. Stewart.]

In the late general election campaign assurances were repeatedly given by the Prime Minister and other ministers of the crown that before further tariff changes were made an opportunity would be given industries affected thereby to be heard before an advisory board.

That such assurances were officially incorporated by the government in the Speech from the Throne of the present session in the following words:

"Changes in the tariff should be made only after the fullest examination of their bearing upon both primary and manufacturing industries and that representations requesting increase or decrease of duties should be made the subject of the most careful investigation and report by a body possessing the necessary qualifications to advise the ministry with respect thereto. A tariff advisory board will accordingly be appointed forthwith."

That such tariff advisory board was accordingly appointed.

And this House regrets that in the case of drastic changes announced in the budget such assurances have not been fulfilled.

This amendment simply emphasizes the pledges given by this government to deal with this tariff in a particular way, and points out that the government have failed to fulfil that pledge and have violated the provisions of the Speech from the Throne which they themselves prepared. I think that amendment is unanswerable, and perhaps that is the reason none of the speakers on the other side of the House have dealt with it. I do not see how any hon. member can vote against that amendment. It is an indictment that has not been and cannot be answered. The pledge is there; the pledge comes from the government itself. The violation of it is there, and comes from the government itself, and I cannot possibly see how any hon. member who desires to emphasize the necessity of candour and sincerity in public life can vote against this amendment.

I shall vote against this budget, Mr. Speaker, because it is a breach of faith; it is a breach of contract, and it is a breach of duty. By its adoption the confidence of the people in Canada, in industry, and in capital, will be further disturbed, because it will discourage the investment of capital and the establishment of industry in Canada, and will encourage the exodus of our people to the United States.

I shall vote for the amendment because it emphasizes the necessity of a sane, sound and safe method of dealing with agriculture, industry, and labour, in respect to tariff matters, because it condemns treachery, political expediency, and bad faith, and affirms the importance of honesty and integrity on the part of public men and of governments.

Mr. W. J. LOVIE (Macdonald): The hon. gentleman who has just sat down (Mr. Stewart) made a remark a few minutes ago, which I jotted down, to the effect that there has been no expansion in Canada. I am not going to answer that statement along the line of trying to defend any particular government of any particular party, but I shall answer it by quoting from an article that appears in the May number of Canadian Chemistry and Metallurgy. This article was written by an expert and concerns the pulp and paper industry in Canada. I shall quote only such portions as will serve to answer the remark made by my hon. friend who has just sat down. It says:

When one comes to survey the happenings in the pulp and paper industry during the last twelve months it is almost impossible to overcome a feeling of bewilderment at the number and magnitude of the projects which have been completed, which are under construction, or which have been planned and are about to be started. In practically all parts of Canada we hear of new mills being constructed and of established mills expanding, with the results that the industry is developing at an almost fantastic rate, which was absolutely undreamed of a couple of years ago, and which has no parallel in the paper making history of any other country in the world.

Of course, the great bulk of the paper produced is newsprint; and the expansion of this branch of the industry will best be visualized by quoting a few figures recently published by the Newsprint Service Bureau. During 1925 ten machines with a rated daily capacity of 890 tons were started up in Canada and Newfoundland (of which four machines with a capacity of 375 tons were in Newfoundland), while eighteen machines with a total rated capacity of 1,715 tons per day are scheduled to start up in 1926, only one of them being in Newfoundland. And the end is not yet in sight, for already work is well under way in connection with machines to be installed during 1927 and 1928.

It should be remembered, however, that the actual production of these machines may be, and probably will be, greater than the rated capacity. Competition has resulted in quite an appreciable reduction in the price of newsprint during the last two or three years, and the mills have been forced to increase operating efficiency so as to lower cost of production. Great strides have been made in this direction, and the good work which was begun a couple of years ago has been kept up and even improved upon, with very striking results. The Belgo mill at Shawinigan Falls, for instance, has a rated capacity of 390 tons, but has turned out up to 425 tons in 24 hours. In 1919 it was considered a good day's work at the Abitibi mill at Iroquois Falls, Ontario, when they turned out 240 tons a day; but recently the same machines produced 295 tons. This mill has since been enlarged to a rated capacity of 500 tons; the record production for a single day is very close to 550 tons, and the average daily production is in the neighbourhood of 525 tons.

When the members of the Progressive party toured the Maritime provinces just a year ago, we saw at the town of Edmundston on the St. John river a pulp mill being built on the Canadian side, and just across the river, on the American side, a paper mill was being built, and we came to the conclusion that the two were owned by Americans, and that the idea was that the pulp mill on the Canadian side was being built to beat the embargo, and that the pulp would be run across the line and be manufactured into paper on the American side. The article goes on to say:

An interesting development has been what virtually amounts to the construction of a Canadian fine paper mill in the United States. The Fraser Companies had a large sulphite mill at Edmundston, New Brunswick. There was a ready market for their pulp in the United States; but if it were converted into paper in Canada it could not compete with American papers in the United States owing to the high customs duty imposed by the American tariff. As their pulp mill is on the international boundary, the company overcame the difficulty by building the paper mill at Madawaska, Maine, just across the river from their Edmundston mill. Not the least interesting feature of this combination is the big double pipe line through which the sulphite stock is pumped in slush form from the pulp mill on the Canadian side to the paper mill on the American side. The first machine of this two-machine mill was started up last November.

So Canadians are not only manufacturing their own paper supplies, but are invading the United States' market as well.

One other portion of this article I should like to read because it concerns the Australian treaty, a treaty which the Progressive members of this House voted against a year ago because they thought it would be of no benefit to Canada, but which has proved of benefit to Canada along lines not dreamed of one year ago. The article says:

But though newsprint throws other branches of the industry considerably in the shade, it must not be taken for granted that nothing is being done along other lines. The Australian trade treaty has already been of greater benefit to the Canadian paper industry than had been anticipated. It is now expected that Canada may obtain nearly half the Australian newsprint market, while the demand for Canadian book and writing papers is also good. Provincial Paper Company is developing its business in this promising market to good effect, and as a result has decided to go ahead with the installation of another machine in its Port Arthur mill. Another project directly traceable to the Australian treaty is the organization of the Canadian-Scottish Paper Mills, which will erect a coating mill for book and litho papers on the Pacific coast.

We have repeatedly heard it stated in this House since the opening of this session that if Canada is going to prosper, there will have to be quite a radical change in the tariff to look after the needs of Canadian industry, and that we must have what has been called tariff stability. Some have said that we should have a high tariff, and some newspapers have advocated a tariff, brick for brick, with the American tariff. Others proclaim that the policy of Canada from this time onwards must be a protectionist tariff, and Canada must be definitely committed to the policy of pro-

tection. For the last forty years, Mr. Speaker, Canada, no matter whether it was under a Liberal or a Conservative government, has been under a protective tariff. In 1878 when the question was up, an amendment was moved to the budget by Sir John A. Macdonald. I am not going to quote the amendment, because it was put on Hansard just a year ago by the then member for Brome, Mr. McMaster, but I should like to quote a part of Sir John A. Macdonald's speech to show that Canada over forty years ago was suffering from the same ills that afflict her to-day, and that after forty-eight years of the National Policy she has not advanced one bit. She is still suffering from the same ills, and we hear almost the same speches, word for word, to-day as were made in the House of Commons forty-eight years ago. What did Sir John A Macdonald say? He said:

> We have no manufacturers here. We have no work-people; our work-people have gone off to the United States. They are to be found employed in the western states, in Pittsburgh, and, in fact, in every place where manufactures are going on. These Canadian artisans are adding to the strength, to the power, and to the wealth of a foreign nation instead of adding to ours. Our work-people in this country, on the other hand, are suffering for want of employment. Have not their cries risen to heaven Has not the hon. the Premier been surrounded and besieged, even in his own department, and on his way to his daily duties, by suffering artisans who keep crying out: "We are not beggars, we only want an opportunity of helping to support ourselves and our families." Is not such the case also in Montreal and in Quebec?

Then another part of the speech refers to the Maritime provinces. He predicted that if the National Policy were inaugurated we should prosper. He said:

> We shall then grow up rapidly a good, steady and mature trade between the provinces, rendering us independent of foreign trade, and not, as New Brunswick and Nova Scotia formerly did, look to the United States or to England for trade, but look to Ontario and Quebec—sending their products west, and receiving the products of Quebec and Ontario in exchange. Thus the great policy, the National Policy, which we on this side are advocating, would be attained.

These remarks, Mr. Speaker, are very much like the speeches we have listened to in this House since January 7, of this year, and if, after fifty years under a National Policy consistently maintained, Canada is not prospering, there must be some reason for it. If one would take a map of Canada and examine it closely he could easily tell the reason for it. I do not want to be accounted a traitor to the country I love or anything else in that line, but I may say that the reason is that you are trying to do politically what cannot be done, in view of the geography of the country. The natural trend of the trade

of the country is north and south, and you are endeavouring by political lines to turn the trade—

Mr. EDWARDS (Frontenac): Why does the hon. member say the natural trend of the trade is north and south?

Mr. LOVIE: Because the south raises products which the north needs, and the north raises products which the south needs. I am not speaking of Canada alone, but I am dealing with the whole continent. Do not imagine that I am advocating annexation. I merely look at the map of Canada and I say that is one of the reasons why Canada is not prospering.

Mr. EDWARDS (Frontenac): Is the natural trade of Canada in wheat from north to south, and from the south to the north?

Mr. LOVIE: Probably not in wheat, but we have other products.

Mr. EDWARDS (Frontenac): Take meats and dairy products.

Mr. LOVIE: It is north and south in meats.

Mr. EDWARDS (Frontenac): Not at all.

Mr. LOVIE: Indeed it is.

Mr. EDWARDS (Frontenac): Is the United States not a large exporter of meats and is Canada not a large exporter of meats?

Mr. LOVIE: If the hon. member will wait I will answer his question. I will touch on the question of cattle raising later.

Mr. EDWARDS (Frontenac): I will await your pleasure.

Mr. LOVIE: I propose later on in my address taking up the question of cattle raising as regards Canada and the United States. We have heard in this country—the matter has been discussed time and again—about the wonderful prosperity of the United States through its protective tariff, and certainly we have to admit that the United States is a very wealthy country. There are a great many things about the United States we do not know, unless we go after the information. During this session and preceding sessions I have been endeavouring to get first-hand information regarding conditions in the United States to ascertain how the tariff affects agriculture. In seeking to obtain this information I wrote to the chairman of the Fair Tariff League, which is composed of about two million members all over the United States. I am going to place on Hansard the information I received. A great

deal of this information is along the line of the answers which I received from the Fair Tariff League. It has reference to the agricultural industry and the cattle raising industry of the United States. This information was contained in an article written for publication, but it came into my hands before it reached the press in the United States. The article reads:

The Farmers Eighty-Seven Cent Dollar.

This refers to the American farmer, not the Canadian farmer. The article says:

American farmers should be very prosperous; there was never so great a demand for their products. They export $2.000,000,000 worth of products.

Russia is out of the market as an exporter of food stuffs, formerly one of our principal competitors. Germany is 20 per cent below pre-war production, and the other war worn nations of Europe are below normal in production This should make our farmers accumulate profits against harder competition in days to come. Instead of accumulating handsome money reserves, according to the report of the Secretary of Agriculture, Mr. Wallace in 1920, (our farmers lost 3.1 per cent of their capital; in 1921 they lost 1.4 per cent. in 1922 they made a profit of 1.5 per cent and in 1923 a profit of 1.4 per cent. The year of 1924-5 was very little better than the previous year.

In the best of these years they made 1½ per cent on their capital being less than ¼ of the rate they paid on their farm mortgages—6.7 per cent. The average farmer received as his reward for the management of his property and his personal labour in the year 1922-3 $454 and in the year 1923-4, $520. He got less than the average wage that he paid his hired man, without board, the same years—$501 in 1922-3 and $563 in 1923-4. We can easily understand how he feels when he reads of the astonishing profits of many of our manufacturers and the cash dividends and their enormous increase in capitalization.

Our farmers used to think that they could make big profits out of the tariff as so many manufacturers do. They know better now, after the ridiculous attempt in the emergency tariff of 1921 and the present tariff enacted in 1922. Our farmers know that 90 per cent of their crop must be sold on the export or free trade basis of Liverpool and Hamburg at the price obtained in those markets less 1000 miles of land transportation and 3,500 miles of ocean carriage. The farmer knows that he must buy many of his manufactured supplies in reverse order, that is the European price, plus ocean and land freights, plus unreasonably high tariff rates. The American farmer sells Europe minus, he buys Europe plus. He is the milch cow of production. He has always been a protectionist, at least in the northern and western States, but he knows that the present customs and most of the tariffs since the Civil War have not been honestly protectionist, but grossly over protective and profiteering. The excess cost of the present tariff over and above the requirements of reasonable protection is fairly estimated to be not less than $5,000,000,000, and American farmers being about one-third of our population and buying more than average citizens lose one third of this duty. Should it be any surprise under these circumstances that our farmers now demand equality with manufacturers, either through a righteous reduction in duty on manufactured products, so that our farmers may buy their manufactured supplies more favourably, and their 87 cent dollar should be made of equal purchasing power with the manufacturer's dollar, or that the federal government shall establish a farm market corporation with $100,000,000 which shall sell our surplus crops abroad in such quantities as to create a scarcity demand at home and thereby raise domestic prices 15 per cent and raise the farmers' 87 cent dollar to par. One or the other of these things must be done; our farmers will not work for nothing, nor should they.

On the question of what the American farmer is doing along the line of trying to bring himself up to the level of the protected manufacturer, we have been reading in the press reports of the Haugen bill which is expected to go through the United States Senate. The hon. member for Nelson (Mr. Bird) two years ago stated that if the tariff was going to be raised in Canada and if the United States tariff was to be maintained as it was, the United States farmer, to use his expression, would be getting his feet into the trough just as well as the others. The United States farmer is evidently going to get his feet into the protectionist trough along with the others and what the outcome will be it is very hard to say. The United States congress will evidently not be allowed to adjourn without something being done to settle this question. This is from an article by Tom King who writing from Washington under the heading "Putting up Farm Prices," says:

Even the defeat of the Haugen bill in the House would not put an end to the agitation. The House cannot adjourn for more than three days at a time without the consent of the Senate, and the senatorial farm bloc announces that congress will not be allowed to adjourn until farm relief legislation of a satisfactory kind is passed.

This is certainly worth while watching in the United States. The Manitoba Free Press in an editorial headed "Nearing the Showdown," says:

Thus the tariff is to be made "effective" for farmers. They are to be given—in the language of the Canadian protectionists—"adequate" protection. Agriculture is to be placed on a parity with industry, partly by huge cash subsidies from the public treasury, and partly by much higher prices to be charged hereafter to the consumer behind the tariff wall against the world.

It is a logical working out of the doctrine of protection. If the manufacturers are to have high prices guaranteed by law, why not the farmers? Why should not the farmers, as well as the railways, the manufacturers and the wage earners, be helped to more abundant prosperity by legislation?

But who is going to pay for it all?

That is the crux of the whole situation.

Food prices will go up and with them the wage level. The manufacturer will charge still more and the transportation companies will demand higher rates. But can all this additional burden be heaped upon the salaried classes, unskilled labour, and the people with fixed incomes?

They are the ones who are going to bear the brunt of the burden.

It is an interesting experiment upon which the United States is apparently about to embark. Will it vindicate protection or destroy it? If the result of

the legislation now before the United States congress—assuming it to be enacted and enforced—does not redress the inequalities of the present system but merely raises prices all around, adding to the burden of the classes that cannot be protected, what then?

That is the question that has to be answered.

Mr. EDWARDS (Frontenac): Is it the intention of the legislation to which the hon. member has referred to raise the tariff all along the line on farm products in the United States?

Mr. LOVIE: The idea is to give the United States farmer what his product is worth in the markets of the world plus the tariff. The surplus will be exported and sold and the country will assume the loss.

Mr. EDWARDS (Frontenac): Is that relief to be given by raising the tariff on farm products entering the United States?

Mr. LOVIE: No; a fund has been created for the purpose, to put the United States farmer on a level with the protected manufacturer.

Mr. EDWARDS (Frontenac): That is something on the line of the Pattersen scheme in Australia.

Mr. FORKE: Much the same.

Mr. LOVIE: According to Tom King the bill will apparently have to go through congress. It is seeking to put the farmer on a parity with the manufacturer. As the Free Press says: "What then?" What is the result going to be?

This article from which I am about to quote has been circulated all through the United States by the Fair Tariff League. It is headed "Fordney-McCumber Tariff Facts." It is produced by an organization which is utterly opposed to free trade, a body of men who are avowed protectionists, only as they say, they are fair protectionists; they are against profiteering. This is a criticism of the Fordney-McCumber tariff from United States people themselves:

The Fordney-McCumber Tariff act (1922) was passed in the interest of a special privilege class of manufacturers, who alone profit at the expense of every other class, including not only persons engaged in great agricultural industries and all other natural industries, but at the expense also of every person who works for his living and every person engaged in legitimate business.

The Fordney-McCumber Tariff act costs the people of the United States not less than $4,000,000,000 a year in excessive prices of the things they have to buy. Of this enormous sum only $500,000,000 goes into the United States treasury as tariff revenue; the other $3,500,000,000 goes into the pockets of the specially protected manufacturers. That is—87½ cents goes to profiteers—12½ cents goes to the government.

[Mr. Lovie.]

In other words, the Fordney-McCumber Tariff act costs the American people annually as much as it costs to run the entire government of the United States.

The Fordney-McCumber Tariff act not only increases the prices of all manufactured products, but it opens the door to profiteering, first, by shutting out competing articles so that exorbitant prices can be charged, and second, by pyramiding tariff rates and providing the opportunity for additional exorbitant increases.

The Fordney-McCumber Tariff act is the chief and almost the sole cause of the present high cost of living and the continuous increase in living cost from time to time.

An analysis of 29 industries making the merchandise that fills our retail stores—cottons, woolens, aluminum wares, gloves, hosiery, glassware, china, etc., shows that the Fordney-McCumber act permits the manufacturers to charge over $5,000,000,000 above the price of the imported article. If but two-thirds of the total was added, $3,300,000,000, to these articles there would be a tariff tax of $30 per capita or $150 per year for the average family of five.

Every rent payer, every builder and every home-owner is a victim of the tariff. An analysis of seven basic industries, pig-iron, bar steel, rails, structural iron, cast and wrought iron pipe, tin-plate and terne plate, and wire and wire work, shows that the Fordney tariff gives these industries allowances of $351,000,000 which cost the consumers twice this sum at retail, or $702,000,000. There is no reason for this tariff except price raising. We are the greatest and cheapest producers of steel on earth. In the three years of 1919 and 1921 inclusive, we exported, of these products 50 times more than we imported. The tariff on all railroad construction material is a big factor in existing high freight rates.

The steel tariff, made solely in the interest of the steel trust, is also one of the prime causes for high railroad rates, both passenger and freight.

The American Federation of Farm Bureaus estimates that the Fordney-McCumber Tariff costs the American farmer $301,000,000 more than all benefits received.

That is the tariff which is bearing heavily on the people of Canada and evidently it is not doing much good to the people of the United States. I do not remember who made the remark but it was stated in this House during the present debate—and I believe the statement is true—that the United States in spite of being a protectionist nation was able to undersell Great Britain on their own market in steel rails. That remark is absolutely correct. The impression was left that in spite of the high protection, or on account of it, whichever way you choose to take it, the United States could undersell Great Britain right in its own markets. Well, there is another reason altogether for the ability of the United States to undersell Great Britain in the British market, and it is this: that the United States has the greatest, the most easily available, and the most easily worked supply of iron ore that is to be found anywhere in the civilized world. This article from which I am going to quote is brief, but it will give the House an idea of the efficient way in

which the iron ore is handled in the United States. It reads:

Said Henry W. Oliver in a letter to Mr. Frick, July 27, 1897, when they were acquiring some fifty per cent of the known deposits of the lake Superior region. "We are mining it at present for less than five cents per ton for labour." Eight men in ten hours with one steam shovel mined and loaded into cars 5,800 tons of ore in ten hours and 164,000 tons in one month. Three steam shovels mined "from its natural bed 915,000 tons of ore during the season of 1900, working day shift only. Five tons of ore are lifted by the steam shovel (like sand or gravel) at each stroke, and five full-weight lifts will fill a car. A twenty-five-ton car can be filled in two and a half minutes, which is at the rate of 600 tons an hour."

The most efficient and cheapest rail transportation on earth is that of the Pittsburgh, Bessemer and Lake Erie, owned by the United States Steel Company, whose vice-president, Mr. J. T. Odell, said of it in 1897, "the lowest rate per ton mile, the highest average length of revenue haul in proportion to its track mileage, the greatest density of tonnage in proportion to its freight train mileage, the greatest average paying load, and the lowest 'ton-mile cost' of any road on the American continent reporting to the Interstate Commerce Commission." Nine ships can be docked at the same time. Twenty-five thousand tons of all classes of freight can be handled every ten hours. A 6,000-ton ship can be cleared in fourteen hours and in the same time from the moment the hatches are opened the ore can be at the furnaces at Pittsburgh. A new steam shovel was completed last winter by which a train of thirty-five to forty cars will be loaded with ore in two hours. A forty-ton car of coal can be unloaded and partly trimmed in the ship in thirty-six seconds.

These feats were in the infancy of the industry. Today, says J. G. Butler, a veteran of the industry, the great car dumpers will lift a car containing 110 tons of coal, dump its load and repeat at the rate of thirty cars per hour, with no manual labour beyond pressing a button. "Now we have vessels loading as high as 12,000 tons at the upper ports in one or two hours with one or two men on the dock, and unloading their cargo directly into fifty-ton cars in about the same time, with practically no manual labour.

"Now we handle this vast tonnage entirely by machinery. Steam shovels mine the ore; it flows by gravity into great vessels; huge unloaders transfer it to railroad cars, and car dumpers empty it under ore bridges—all the work being done by power and at a speed little short of miraculous."

Let me now quote what is said with reference to the cost of production. This will answer the question as to the difference between the United States and Great Britain in this regard.

With these facilities "by 1897 the cost of steel rails on cars at the Braddock mill was only $12 a gross ton"—2,240 pounds. Said Mr. Schwab, May 15, 1899, in a letter to Mr. Frick. "I know positively that England cannot produce pig iron at actual cost for less than $11.50 per ton, even allowing no profit on raw materials, and cannot put pig iron into a rail with their most efficient works for less than $7.50 (additional) per ton. This would make rails at net cost to them of $19. We can sell at this price and ship abroad so as to net us $16 at works for foreign business, nearly as good as home business has been. What is true of rails is equally true of other steel products. As a result of this we are going to control the steel business of the world. You know we can make rails for less than $12 per ton, leaving a nice margin on foreign business. Beside this the foreign costs are going to increase year by year because they have not the raw materials, while ours is going to decrease."

I made certain inquiries of the Department of Railways regarding the price paid for steel rails. We know that in Canada we have used a tremendous amount of steel rails in the past in our railway construction and we shall have to use a great deal more in the future. I asked also how many tons of steel rails it would take to lay a mile of track, giving rails of different sizes. I will read first the answer as it relates to price:

The United States price for open hearth steel rail is $43 per gross ton, f.o.b. mill.

We have evidence here from the vice-president of this company in the United States that they can produce at $12 a ton, yet we find that the price at their mill is $43, in addition to which there is $7.84 in duty and $4.84 in freight.

The Canadian average price is $46.50, f.o.b. mill. We have no recent figures on British rail, but I understand the ruling price is about $39 per gross ton, f.o.b. mills, or $40 to $40.50 f.o.b. shipping port. The duty on United States rail is $7.84 per gross ton and on British-made rail $5.04 per gross ton. The ocean freight on British rail to St. John or Montreal is approximately $5 per gross ton.

In reply to my question as to the tonnage required to lay a mile of track the answer I got reads:

Of 80-pound rails, it takes 125.7 tons (2,240 lbs.) to lay a mile of track.

Of 90-pound rails, it takes 141.4 tons (2,240 lbs.) to lay a mile of track.

Of 100-pound rails, it takes 157.1 tons (2,240 lbs.) to lay a mile of track.

We have in Canada, roughly speaking, 40,000 miles of rails for which we have paid an excessive price as a result of protection, and we shall have to meet the interest on that money for all time. Had Canada been operatiing under free trade the railways would have been able to purchase their rails from the United States at very much cheaper rates, as the British people have done. Some time I am going to work out these figures, for I am sure it will be interesting to find out just how great has been the excess that Canada has had to pay in connection with its rail purchases. Those of us who are engaged in agriculture more particularly west of Red river, know that both machinery and blacksmithing are very expensive. Agricultural implements cost at least one-third more than they should, and the reason for this is not the Canadian tariff, the slight fluctuations in which, one way or the other, have no very great effect on the price.

The reason for the excessive cost of these implements is the fact that there is such a tremendous tariff on steel in the United States which is reflected in the implement industry. The result is that our blacksmiths find that they cannot work under present conditions with the prices they have to pay. The excessive tariff on steel in the United States is at the bottom of the tremendously high prices which our farmers and blacksmiths have to pay for the implements they use and this is making it impossible for our farmers to carry on profitably. The price of an 8-foot binder in Canada is for instance, $275, which is $100 too high. No one can afford to pay that price. One reason why the manufacturers of farm implements in eastern Canada are producing comparatively little is this very fact, that the farmers cannot afford to purchase the machinery. There is not a farmer I know of in the west who would not buy a lot of new implements to-day if the prices were within reason. Take the seed drill as another example of the high prices we have to pay at the present time. We used to think that this implement was high at $125, but to-day we have to pay about $250 for it. Surely something will have to be done to bring down these prices; otherwise agriculture will not be able to carry on. Something will have to be done or agriculture will not be as profitable as we wish it to be. In the case of other classes of machinery the cost is equally high. What would hon. gentlemen to my right have to say to the statement that some years ago I paid $16 for four horseshoes? The price of steel is tremendously high. It is not as high as it was but it is still much higher than it should be. I am afraid the Fordney-McCumber tariff has been one of the greatest factors in maintaining these high prices.

Mr. EDWARDS (Frontenac): What protection does steel enjoy under the present United States tariff?

Mr. LOVIE: I have that information somewhere in my notes but I cannot put my hand on it at the present moment. During recess I may be able to get it and will give it to my hon. friend this evening.

Mr. EDWARDS (Frontenac): My hon friend has been arguing that if the United States removed their tariff on steel the price of iron and steel would go down?

Mr. LOVIE: Yes, that is my argument. The tariff is too high.

Mr. EDWARDS (Frontenac): I thought my hon. friend was arguing that it costs more to produce steel rails in England than it does in the United States.

Mr. LOVIE: It costs a great deal more to produce steel rails in England than it does in the United States. Over there they are able to produce then at $19 per ton, but in this country we have paid $43 plus the freight. In the United States they claim to turn out steel rails for $12 a ton, but they sell them for $45 a ton, consequently the United States steel men make a very large profit.

Mr. EDWARDS (Frontenac): My hon. friend should have the tariff there, should he not, in order to show the difference between the price in England and in the United States?

Mr. LOVIE: The evidence on this matter is on record in the United States. I have not worked out the figures myself from the United States tariff. I have here a statement as to the effect of railway rates in the United States, and it reads as follows:

Railway rates are high because of high operating costs. So much of the income of the railroads is paid out for equipment, fuel, and wages, that all other expenditures are comparatively inconsiderable. The wages of two million railway men are unusually high principally because the cost of living is high beyond all precedent, and railway workers must be paid accordingly. Fuel is high for the same reason—high wages in mine and transportation and high cost of retail distribution. Railway equipment is extremely expensive, because of high, general wages, and because manufacturers of many products used in railway equipment are over-protected, and their prices are higher than they would be under a fair tariff. This affects 2,580,000 cars, 69,000 locomotives, rails and other supplies.

The cost of living to the people of the United States would be reduced about $3,000,000,000 by a moderate and reasonably protective tariff in lieu of the present Fordney law. This reduction in living costs would quickly bring a reduction in freight charges, which reduction Senator Capper, chairman of the Senate farm bloc, says is the most important matter before Congress in the interest of agriculture.

As transportation is an enormous charge upon agriculture, American farmers, especially in their present distress, feel keenly the hurt of high freight rates, and should be relieved by the immediate correction of the present tariff—a correction that would help everyone and hurt no one.

The statement has often been made in this House—in fact I think it has been made during the present debate and has not been denied—that agriculture in the United States is not prospering. Upon that point I should like to read the following statement from Governor Lowden, taken from the Breeders' Gazette of December 3, 1925:

A Message from Gov. Lowden

President of the Holstein-Friesian Association of America

The most hopeful sign for the future of American agriculture is the new interest which other classes are taking in the problem of the farm. It has gradually dawned upon others that the problem of agriculture is

the problem of all. We are beginning to see that in this complex civilization of ours all of the great industries must keep in step. If one lags behind, all the others suffer.

During last summer more than 200 bankers in Nebraska attended the short course in the agricultural college at Lincoln. They returned to their homes enthusiastic, and are preparing to go back another year with the leading farmers of their several communities. The great national organizations of industry are awakening to the fact that the one limiting factor in the future growth of industry is the food supply. They are more and more concerning themselves, therefore, with the well-being of agriculture. I think they begin to see that our greatest asset as a nation is our fertile soil. Whatever depletes that soil must inevitably slow up industry. It is also now recognized by all thoughtful men that an unprofitable agriculture must hasten the exhaustion of the soils. Farmers who are pressed for cash to meet their overhead expenses must devote the largest acreage possible to cash crops, without reference to future productiveness.

Only the other day one of the profundest and wisest students of the agricultural situation of whom I know said to me that the most important thing of all at the present time is to make the country as a whole understand the importance of the farm problem. His idea was that if only all classes of men could be brought to see that there is a farm problem, its correct solution would be seen to be so vastly important to the future of our nation that an answer would be then found.

We can have a balanced nation only if we have a prosperous agriculture. We cannot long have one standard of living in the country and another in town. Those conveniences now regarded as necessities in the city must not be considered luxuries upon the farm. We must contrive somehow to improve educational facilities in the country, just as we have improved them in the modern public school in the city. How to balance agriculture economically, socially and educationally with other industries is the problem that confronts us. It is gratifying to know that other forces of society are beginning to recognize the problem.

So the problem in the United States, as in Canada, is how to make agriculture prosper and bring it up to a level with other industries. We in Canada are largely concerned with finding markets, but the most important markets we have to consider are our overseas markets. It is true we have a home market, but without the stabilizing effect of importations coming into the country, that is something not to be depended upon. In the United States the feeling is the same way. Over there the Fordney-McCumber tariff has so reduced importations into the United States that they miss the stabilizing effect of those importations. One hon. member, during the present debate, asked the question why no complaint had ever been voiced by the American people against the Fordney-McCumber tariff. It is not right to say that there has been no complaint against that tariff on the part of the United States people. The research department of the American Farm Bureau Federation, after a thorough investigation, declared that there is practically no benefit to any phase of the American cattle industry from the present tariff, and that it is a distinct injury to cattle breeders. The United States tariff commission reported to Congress in 1922 that the only effect of the emergency tariff was to injure Canada. In 1923 the American Farm Bureau Federation, the Pennsylvania Farm Bureau, the Illinois Agricultural Association, and others, appealed to the tariff commission for relief from this tariff. Over there they say that the United States tariff on cattle is a direct affront to Canada, which formerly exported some 200,000 head of range cattle annually. It will be seen that a large proportion of the people of the United States do not think very much of the Fordney-McCumber tariff. This article goes on to say:

> We make a mockery of our boast that our unguarded Canadian boundary line is imaginary only. We fortified it with worse than guns, with a tariff of distress and ill will that gave us never a benefit.
>
> Canada errs in attributing this action to the American people. She apparently thinks that our public rules in tariff matters. She does not realise that the Fordney law was enacted by a few over-powerful manufacturers, who betrayed the principle of protection, fooled the people, and disregarded the better judgment of many manufacturers who wanted lower duties on their own and other manufactures.

After reading that article, Mr. Speaker, I would be very chary in advocating any retaliation against the American tariff, because as I have already said, geographically the trade of this continent will flow north and south. The American or any other tariff does not keep out goods from any country, but simply makes those goods more expensive, raises the cost of living and makes it harder to live.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 24, to provide for changing the names of certain Pension Fund Societies.—Mr. Mercier (St. Henri).

Bill No. 13, respecting a patent owned by The John E. Russell Company.—Mr. Spence (Earkdale).

PRESIDENT OF THE LETHBRIDGE STAKE

The House in committee on Bill No. 11, to incorporate the President of the Lethbridge Stake.—Mr. Jelliff—Mr. Duff in the chair.

On section 1—Incorporation.

Mr. ROGERS: Explain.

Mr. JELLIFF: This is a bill to incorporate as a corporation sole the Lethbridge Stake of the Church of Jesus Christ of Latter-day Saints, otherwise known as the Mormon Church. This body was incorporated originally under an ordinance of the legislative council of the Northwest Territories in 1897, giving them power to acquire and to hold and to use for religious and charitable purposes certain properties within the Northwest Territories, especially in the province of Alberta. Since that time the church has extended and now wishes federal incorporation in order that it may control and properly administer its property in other parts of Canada. The bill is modelled on one passed in 1924 incorporating in a similar manner the Roman Catholic Episcopal Corporation of Prince Rupert, and also on an earlier one passed in 1917 incorporating the Bishop of Mackenzie river. The powers and authorities given in this bill are exactly the same as in the two previous bills passed by this parliament.

Section agreed to.

Sections 2 to 10 inclusive agreed to.

Bill reported, read the third time and passed.

THE BUDGET

The House resumed the debate on the motion of Hon. J. A. Robb (Minister of Finance) that the Speaker do now leave the chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. R. J. Manion.

Mr. LOVIE: When the House took recess at six o'clock I was endeavouring to show that the Fordney emergency tariff put on by the United States Senate, according to the Fair Tariff League, has not benefited the farmers of the United States and has cost them about as much as it has the farmers of Canada. I have shown pretty clearly that agriculture has not been prosperous in the United States. I wish to place the following item on Hansard in connection with that feature:

> What it means to American farmers to produce and sell on virtually a free trade basis, to buy their requirements from profiteering manufacturers, and to have their foreign market restricted is indicated in official reports that 47 per cent of all persons adjudged bankrupt in Idaho in 1922 were farmers, and that from 32 to 78 per cent of all formal bankrupts in Iowa, Nebraska, Kansas, Colorado, North Dakota, South Dakota and Montana were farmers.

I will now deal very briefly with the transportation question in Canada. First and foremost I should like to take up something which has been brought up in this House very often during the past four years, and something about which we have not heard a great deal during this session. It is something the Manitoba Free Press has been hammering about pretty consistently, and that is the writing off of the excess capitalization of the Canadian National Railways. That paper says:

> Strong objection is taken by newspapers and politicians, all violently hostile to the Canadian National system, to any suggestion that the capitalization of the Canadian National should be reduced to a level where it will represent the replacement value of the system. They see certain advantages—not, of course, for the Canadian National—in leaving things as they are.
>
> In the first place the present arrangement naturally discourages the administrators of the Canadian National. No man works with zeal on a hopeless job. This is regarded, by these parties, as all to the good.
>
> The deficit on the Canadian National, artificially swollen by this undue capitalization by thirty or forty million dollars, gives them a chance to knock government ownership of railways.
>
> And, most important of all, while the capitalization is kept high with its resulting huge deficit, the people are not likely to demand lower freight rates from the Canadian National Railway.

On June 17, an editorial in the Free Press made the following statement:

> What the commons and senate at Ottawa had better do is to forget about any grand scheme of amalgamation, and to take immediate action toward writing down the capitalization of the Canadian National lines, which now stands at a little better than two billion dollars. That is an absurd sum on which to attempt to ean a dividend. It should be written down to at least the approximate true value of the system as an operating railway property and then it would be possible to ask the Canadian National Railway management to show what it can do toward making the system pay its way. The people of Canada will have to pay for the sum written off the present capitalization, but in doing that they would be left with a properly valuated railway system and not with an inflated ballon. It is the sensible way to rid ourselves of an incubus incured through the co-operative and co-ordinated bungling of former governments, and of former railway promoters who had a way with them when they made a drive on Ottawa for millions in bond guarantees.

One of the necessities in the transportation problem of western Canada at least is the immediate completion of the Hudson Bay railway. It is absolutely needed on account of the fact that the live stock industry in western Canada has not been in a very healthy condition during the last few years and is not going to improve on account of the high freight rates from the west to Montreal and then across the ocean. The present route could be shortened very considerably by a five hundred mile run up to Port Nelson, and a short and also a cool haul from there on. The question is always asked, is that route feasible? Why, of course it is feasible, and has been feasible for two

hundred and fifty years. If any one will refer to the debates of the Senate three years ago—and I think a Senate debate three years old might be quoted—he will find that Senator Rufus Pope mentioned the fact that the year before the war three German ships had come into a harbour about one hundred miles north of Churchill, on the 1st of May, and had gone out and in all summer; they put up there for the winter and only left when the war was declared. The Hudson's Bay Company have been using that route for two hundred and fifty years, and all information that is now available shows that all that is required is to complete the railway to that port so as to make it available at least for taking out the live stock from the Canadian west.

The cattle industry in Canada, which had an open market in the country to the south as long as the Underwood tariff was in existence, received what one might call a very rude shock when the Fordney emergency tariff was put up against it. And what was the reason for putting on the Fordney tariff? During the war the immense packing houses in the United States worked under high pressure to supply the vast quantities of beef required by the soldiers overseas, and when the armistice was signed this market suddenly disappeared. In the meantime, the ranchmen were improving their producing facilities; a great many others went into the cattle raising business in the United States, largely in the western part of the country, and also into ranching. As a result of the campaign to "produce, produce, produce, if you want to win the war," these people incurred tremendous obligations which proved to be millstones around their necks when the armistice was signed and that large market was done away with. Consequently there was a demand upon the United States Senate that something be done to help them out of their predicament, and the result was a tariff to prevent live stock from coming into the United States market from any source. For many years there had been an embargo against Canadian cattle going into Great Britain except for immediate slaughter at the port of debarkation, so that in Canada we were left without a market; there were far more cattle in Canada than could be consumed, and the market dropped to zero. Later the embargo against Canadian cattle was removed, so that cattle could go into that country to be finished as feeders for as many months as the British farmers wished to feed them. But there is one feature about the British market; it only accepts good cattle. British cattle are the finest in the world; they have fewer substandard cattle there than any other country. Canada has many substandard cattle, and the United States is in the same position. If we had the market open to the south of us a lot of Canadian cattle which will never make export cattle could be sold as feeders. On account of the high rates on cattle going to Great Britain, only the best cattle could be sent across. Of course we wish all the cattle in Canada were good ones, but unfortunately they are not. The Fair Tariff League of the United States says:

> Our tariff on cattle is a direct affront to Canada, that formerly exported some 200,000 head of range cattle annually.
>
> Our northwestern farmers need these Canadian feeder-cattle. The United States as a whole requires 4,500,000 feeders annually.
>
> The just wrath of Canadians will not be overcome in many years. Their purchases from us were reduced by $400,000,000, in one year, not from anger only, but mostly because we would not accept, on fair terms, of such of their commodities as we could well use in payment for our goods.
>
> If we took all of Canada's exports they are too small in quantity to affect the value of our herds that number 68,000,000 heads.
>
> Canada errs in attributing this action to the American people. She apparently thinks that our public rules in tariff matters. She does not realize that the Fordney law was enacted by a few overpowerful manufacturers, who betrayed the principle of protection, fooled the people, and disregarded the better judgment of many manufacturers who wanted lower duties on their own and other manufactures.

Canada cannot of her own initiative open the market to the south of us. It has been argued in this House every year during the last four years that Canada should have an ambassador at Washington. If I remember rightly money was voted for that particular purpose but evidently it has never been used. It is not reasonable to expect the British ambassador to be acquainted with Canadian conditions and he would not be as interested in Canadian business as a Canadian would be. I would urge on the Prime Minister and the cabinet the necessity of appointing an ambassador at Washington to look after Canadian interests and to try if possible to bring about the removal between the two countries, at least as regards our natural products, of what the people of the United States term this tariff of hate and ill-will. It is going to be to the mutual advantage of both these countries to trade with one another, and when that cannot be done it is not going to help very much for members to say in this House, which is the highest court of the realm, that we are going to retaliate on them.

As regards the question of local transportation I am heartily behind the proposition that was brought up in this House about a week

ago by the hon. member for Last Mountain (Mr. Fansher) to the effect that the duty on heavy trucks should be reduced. When the hon. member for Macleod (Mr. Coote) introduced his resolution he asked that the duty on light trucks be reduced, but the hon. member for Last Mountain stressed the fact that the solution of the transportation problems at least in the western prairies would be materially aided if heavy trucks could be used. He stated that a five-ton truck was a size that should be allowed in duty free because, as the hon. member put it, at the present time no one can farm profitably more than fifteen miles from the railway. This is about as far as one can draw a load of wheat to market with a team of horses and return the same day. With a heavy truck, perhaps not even as heavy as a five-ton truck, that could carry a hundred bushels of wheat the distance could be extended to thirty miles. Instead of taking two days to make that trip as one would with a team of horses, one could put in two trips in a fairly long day. The hon. member for Last Mountain ought to receive the support of hon. members in his request for the removal of the duty on five-ton trucks so that they may be purchased as cheaply as possible. This will greatly help farmers who live a long distance from the railway.

As I said in the afternoon, seeing that our railways have been built at such a high price, a protected price having been paid for all the steel plate, spikes, bolts and other things that go into them, the country cannot afford to build any more railways than are absolutely necessary. But the men who have gone out to the prairies cannot afford to haul grain for thirty miles during the cold winter weather there is in that part of the country.

If it is not against the rules to refer to a bill that is to come before the House, I should like to say a word about agricultural credits, concerning which I believe a bill is to be introduced this session. That is something that I for one would stand squarely behind. The object of this bill is to provide cheap money on long-term credits for agriculture. It is generally expected that in Ontario, Quebec and the Maritime provinces this legislation will not be of very much use, for the simple reason that the people of those provinces can borrow money in eastern Canada just as cheaply as the rates that the western farmers are requesting. Interest rates on long-term loans in western Canada are very high; they hang like a millstone on the necks of many farmers, in fact on practically all of them. A request has been made for long-term credits through federal land banks after the pattern of the federal land banks of the United States which have proved so successful. The request is quite a reasonable one. Seeing that the government of Canada can borrow money at five per cent and that one per cent will always clear the expense of a loan, money can be lent at six per cent, and one per cent more for amortization would in thirty-five years absolutely wipe out a loan. To prove my contention that one per cent covers the expense of all money in the federal land banks of the United States I will read an advertisement which I tore off the back of the February number of the Geographic Magazine. This article which is entitled "Federal Bank Bonds, Safe, Standardized, Stabilized" states:

> The record of these banks through eight years of active operation demonstrates that the legal spread of one per cent between the bond interest rate and the rate charged borrowers is ample to meet expenses, build adequate reserves and pay a fair return to the stockholders in the form of dividends. The present average net monthly earnings of the federal land banks considerably exceed $700,000.
>
> The management of the banks is in the hands of men trained in banking procedure and thoroughly familiar with agricultural conditions in their respective regions.

I am not going to read any more of this article except that it states that federal land banks are located at:

> Springfield, Mass.; Louisville, Ky.; New Orleans, La.; St. Paul, Minn.; Wichita, Kans.; Baltimore, Md.; St. Louis, Mo.; Columbia, S.C.; Berkeley, Calif.; Houston, Texas; Omaha, Nebraska; Spokane, Wash.

And they have been operating for eight years. Surely it is not an experiment in that country; and I can see no reason why they would not be just as successful in Canada as they are in the United States.

Mr. McMILLAN: What interest does the farmer have to pay there?

Mr. LOVIE: The advertisement does not give the interest. The hon. member for Macleod says that the interest is five per cent and one per cent expense.

In regard to the question of conserving our forest resources, those of us who have to travel through those thousand miles of rocky country where we see the marked effects of fire would like to stand behind the Minister of the Interior (Mr. Stewart) in everything that his department is doing to conserve the forests of this country. Not only is the timber being destroyed in those regions which lie between Ottawa and Winnipeg, but on account of the trees being so near the rock, in fact many of them growing on moss on top of the rock, the moss is burned right off and the rock exposed so that the seed that has been left

there is all burned out and the country becomes a barren wilderness instead of being what it should be, one of Canada's assets. The pulpwood industry is certainly one of Canada's assets and if it could be properly looked after, it would for all time bring in good revenues to the Dominion. I am not blaming anyone for the fires that occur there; it is most unfortunate that they should occur, but I should like every Canadian, no matter whether he be Conservative, Liberal or Progressive, to do all in his power to stand behind the Minister of the Interior and any organization who are doing what they can to preserve the wonderful heritage of timber we have in this country. But I am not in favour of preserving this heritage to the extent of advocating an embargo on pulpwood, for the simple reason that eighty per cent of the pulpwood of this country is on crown lands and cannot be exported. Pulpwood taken from those lands must be manufactured in this country. Along the line of the Canadian National railways there are large numbers of settlers who are endeavouring to clean up the land and make it suitable for agriculture. What was solid timberland they are converting into farms, and I for one certainly would not compel those people to take any price offered them for their pulpwood without giving them the benefit of competition. I want to see the Canadian farmer get the best possible price for his timber. I would no more think of putting an embargo on pulpwood obtained from private lands than I would suggest an embargo on wheat; and I know that those of us who come from the west would fight bitterly any proposal to place any such restriction upon the export of wheat. Such a policy is not right and it could never do any good. I do not think it is in the interests of Canada to put an embargo on pulpwood. It is useless to say that the United States need our pulpwood; they do not need our wood, because they have more pulpwood than we have. There is more timber across the line than there is in Canada. I want to read to the House an advertisement which appears in the Breeder's Gazette of May 6th, 1926, with reference to the timber industry of the United States:

Douglas Fir—America's Permanent Lumber Supply

The densest and heaviest forests the world has ever known stand to-day between the west slope of the Cascade mountains and the waters of the Pacific.

This forest region contains 26 million acres of towering trees—more than 700 billion feet of merchantable timber—three-quarters of which is Douglas fir; the rest Sitka spruce, western hemlock and western red cedar.

The average yield of these forests is in excess of 30,000 feet per acre and in some cases 150,000 feet and more. One Douglas fir tree here sometimes produces more lumber than five acres in other forest regions.

What is of more vital interest to the people of the United States is that under modern methods of lumbering, foresting and fire protection, these forests will be a permanent source of lumber supply for the entire country for all time.

Where timber has been cut and fires guarded against countless millions of young Douglas fir trees from nature's own seeding appear and in their vigorous growth offer a new merchantable supply of the finest quality within a comparatively few years.

Emphasizing the importance of Douglas fir, we quote from United States Forest Service Bulletin 88:

"Douglas fir may, perhaps, be considered the most important of American woods . . . . Its rapid growth in the Pacific northwest forests, its comparatively wide distribution and the great variety of uses to which it can be put place it first . . . . As a structural timber it is not surpassed."

We in Canada are just as much interested in preserving our timber supply as the people of the United States are in protecting their resources, although I do not know that we can claim to have gone to the same trouble as they have done to prevent fires. However, I plead with every Canadian to do all that is humanly possible towards preserving this wonderful heritage which we have in this country.

I want to say just a word or two on the budget, which I have not so far discussed. I have touched upon the tariff, which of course is closely related to the budget, but other matters to which I have referred have no direct connection with it. Inasmuch, however, as we are allowed considerable latitude in a debate upon the budget I shall take the liberty of quoting briefly from an article I have here commenting on the statement which the Minister of Finance has submitted to Parliament. I quote this article in order to make my own reference to the budget as brief and concise as possible. What I am about to read is taken from a Toronto publication which hon. gentlemen who belong to the United Church will recognize. The New Outlook, in its comment on the budget, has this to say:

With the announcement of the tariff changes, and especially the reductions in the income tax the people of Canada got the surprise of their lives. Some modification of the burdens of taxation which have pressed upon all classes since the war were anticipated, but the changes introduced by Hon. James A. Robb, Minister of Finance, in his fourth budget presentation, are so radical as to be almost sensational. A drop from $60 to $10; from $80 to $20; from $100 to $30, etc., on income taxes at one step is something so unusual in budget revisions as to call for universal comment. The reductions in this department give greater relief to those of moderate and small incomes than to those of larger means. The percentage of reduction grows less as the income increases. Few will dispute the fairness of this principle, as by this adjustment the burden of taxation falls on those who are most able to bear it. There is a good deal of dissatisfaction among manufacturing firms, especially motor car makers and dealers, over the lowering of the tariff on automobiles. This was to be anticipated;

but the closing of factories even for a few days, and the throwing of thousands of men out of work, has not been taken very seriously. A good many have regarded it more as a political gesture than as a counsel of necessity. The return to penny postage, and the abolition of the irritating receipt stamp has been hailed with general satisfaction. Perhaps the most beneficial effect of the changes submitted for the approval of parliament will be the impression made, both at home and abroad, of the reviving prosperity of the country which makes possible such a lessening of the burdens of taxation.

If I may be permitted a personal reference to illustrate the impression which the present prosperous condition in Canada is making upon people in other countries, I may mention the fact that my mother, who is between eighty and ninety years of age, said in a letter I received from her this week that she had been reading everything she could lay her hands on in reference to affairs in Canada, and that she was quite pleased to gather from all that she had read the fact that the country was prosperous and that the outlook was bright as a result of reductions made in this new budget. Obviously, therefore, people outside of Canada are following this budget with interest.

One thing that seems to have been stressed in the debates that have taken place in this House from time to time in connection with the tariff is the desire of some people outside and of some members of parliament to have this country definitely committed to a policy of protection. In this connection, I should like, if the House will bear with me, to read a brief extract from an article discussing the question of protection as a policy for the United States. Certain questions have been asked in that country, and as they are quite applicable to Canada it is well that we should have them answered before we are absolutely committed to the principle of protection. This is the quotation:

> Are we to protect ignorance, shiftlessness, incapacity, plants that are out of date, and would be destroyed if not protected or rebuilt? Are we to protect plants that are so badly located or badly managed that the same conditions in a non-protected industry would put them out of business? If we are to do this, then protection becomes an alms-house and asylum for cripples and incompetents, and all such must be protectionists demanding profits and good living by tariff legislation. In fact, protection, honestly considered, can be given only to those industries and persons that are efficient, especially adapted in equipment, location, efficiency and circumstances assuring successful production at as low cost to the consuming public as prevails in non-protected occupations, where the most capable make large profits and the unfortunate have to quit.
>
> That is: protection requires the use of every ordinary advantage in the way of training and efficient personal capacity, favourable, natural conditions and adequate equipment.

[Mr. Lovie.]

We know that this does not always occur, for there is a good deal of lobbying in and around the House of Commons. Manufacturers, without giving any thought to costs of production, clamour for an increase in the tariff in order to be able to carry on, whereas if they operated under competitive conditions they would be obliged to readjust their affairs or they would probably go out of business altogether. We hear a good deal about closed factories, and the closing of factories is invariably attributed to reductions in the tariff. I do not know whether this is so or not, but I may tell you something. Five of us in one day went into southern Ontario and examined the Welland canal from end to end. Returning from Port Colborne we passed a factory with closed doors; I think it was in the town of Thorold. It was a glass factory, and naturally enough we asked why it was closed. The reason given us was that these particular manufacturers could not successfully face the competition they encountered. Several other questions were asked, among them one by myself to this effect: "I suppose plenty of sand and other raw materials are available for the manufacture of glass in this locality?" "No," our informant said, "that is one of the unfortunate features of the case. The sand for most of the glass manufactured in this factory had to come from the United States." It seems to me a self-evident fact that factories should be located in close proximity to the source of raw materials, because raw materials cannot be hauled very profitably when the present high cost of transportation is considered. Probably it was just as good that this particular factory went out of existence; all industries should be so located that they can be carried on economically and profitably. But under the policy of protection industries have grown up without any regard to where the source of raw material was located; the only important point seemed to be that there was sufficient protection to allow them to carry on. I for one —and I know that the group of which I am a member take the same view —will not stand for the recognition of the principle of protection as the guiding principle of the Canadian tariff.

Mr. McGIBBON: Will the hon. gentleman tell me how close the textile industries in Great Britain are to their supply of raw materials, or the rubber industry in the United States?

Mr. LOVIE: The industries referred to by my hon. friend are a long distance from the source of supply of raw materials, but I would point out that sand is a very heavy commodity, and on that account its transportation is extremely expensive. That is one reason why I emphasize the handicap of carrying on the factory previously referred to.

In conclusion let me say, Mr. Speaker, that when we are asked to commit ourselves definitely to protection the great underlying principle of our tariff it makes me think of some lines of poetry I memorized in my youthful days. We all know that one's memory is more retentive in the days of our youth, and that things learned then remain with us throughout our lives. This particular piece of poetry, committed to memory long since, is as vivid in my mind as when I first learned it. The lines in question run as follows:

> And shall the foeman dare, boy,
> And shall the foeman dare,
> While British hand can wield a brand,
> To plant his banner there?
>
> No, by our fathers, no, boy,
> No, by our fathers, no!
> From England's vales to Scotland's dales
> Our people thundered "No".

And just as emphatically as those men would have answered, "no" if any foeman dared to lay a hand on that country, I for one will answer "no" in the present crisis in our history; and I will not be a party to committing Canada to the adoption of the policy of protection.

Mr. H. A. MULLINS (Marquette): Mr. Speaker, it is not my intention to take up the time of the House to-night at any great length. On every occasion on which I have spoken I have endeavoured to be brief, and I shall not depart from that course to-night seeing that I have only got a lot of timber—in other words, rows of empty seats—to talk to.

Mr. CASGRAIN: You will not get many empty seats here.

Mr. MULLINS: The constituency of Marquette sent me here for the purpose of endeavouring to make my influence felt on this House. There are several important matters I wanted to bring forward to-night in connection with the budget, and it is regrettable that the attendance is so slim. It is always more inspiring to a speaker to be privileged to address a full House. It seems to me that when it comes to a question of legislating for the good of Canada we should consider ourselves one big family, regardless of whether we come from the Maritimes, from Quebec, from Ontario, from the middle west, or from distant British Columbia. I do not think it is fair for some hon. members to get up and leave the chamber when other hon. gentlemen are endeavouring to make known the needs of the country; it would be far better for all of us to remain and exert our utmost endeavours to do what is best for Canada. Personally I have striven throughout the session to stay here and listen to every speaker; even when speeches were made in French I did my best to follow the ideas outlined. Some years ago I remember reading Bourinot's Parliamentary Procedure and one of the points emphasized was the desirability of members abstaining from reading written speeches and endeavouring to express themselves extemporaneously. Since coming here I have also read Mr. Beauchesne's Parliamentary Rules, in which hon. gentlemen are warned against reading essays. Now, I intend to follow the rules of this House, and if I cannot talk extemporaneously on questions of vital importance I will either keep my seat or keep out of the House. I read in Beauchesne's Parliamentary Rules that the following resolution was adopted by the House on April 19, 1886:

> That the growing practice, in the Canadian House of Commons, of delivering speeches of great length, having the character of carefully and elaborately prepared written essays, and indulging in voluminous and often irrelevant extracts, is destructive of legitimate and pertinent debate upon public questions, is a waste of valuable time, unreasonably lengthens the sessions of parliament,—

And so on. Now, Sir, I intend to live up to the rules of the House. I am going to abide by the rules as I find them, and furthermore I shall be very brief.

It is hard for a man who comes from western Canada to remain here when the west is calling to us as it does at this particular season of the year.

Some hon. MEMBERS: Hear, hear.

Mr. MULLINS: I know very well that in saying that I have the sympathy of my Progressive friends, and also of hon. gentlemen from Saskatchewan. I know they feel the call from the west just as I feel it. Perhaps I have been in the west for a longer period than most of the other western members and on that account the call appeals to me with greater force. It seems to me that instead of wasting time we should get through the business of the House with greater promptitude in the interests of this country. I read in one of our journals a piece of poetry which seems to me to express in a vivid manner what I

might call the sentiment of the west. That poetry is thus worded:

Put me west of old Fort Garry,
Where the prairie roses bloom,
Where the auto laughs at distance
And a man has elbow room.
Let me ride upon the pilot,
When the first through train goes out,
Let me hear the settlers welcome it
With joyous, ringing shout!
Let me be upon the prairie
When they start a baby town,
And they're living under canvas
While the first mud-sills go down;
For it truly stirs the blood
To see cities in the bud,
And to feel a nation growing
From the fertile prairie mud.

I have listened to speeches from hon. gentlemen representing many sections of Canada. I have listened to hon. gentlemen from the Maritimes, from Quebec, from Ontario, from many different provinces and districts. In the few brief remarks I intend to offer to-night I would like to express my views as a member of the great Canadian family. For I prefer to look upon Canada politically speaking, as a family. The interests of the family, as a whole, are one, but if any particular member is suffering from peculiar misfortune or disability, special consideration should be generously extended. If the Maritime provinces, if British Columbia, if the great west, if Ontario and Quebec have each peculiar and individual problems, or at times suffer exceptional disadvantage, let us not hesitate to give special attention to their condition. Even a gesture makes for goodwill. All this no doubt is subject to the qualification that the concession must not be such as will prove injurious to the family as a whole. The principle is really justice, justice to the nation as a whole, the greatest good for the greatest number, and justice to each individual member, part and section of the community so far as it is possible to effect it.

Hon. members representing other sections of the country have placed their positions before the House. I wish to do so, Mr. Speaker, as far as agriculture in the west is concerned. And that is a big and vital subject, because the top six inches of the soil of those great western prairies has to go a long way toward liquidating the debt of this country. Give us half a chance and we will help the rest of the country pay that debt.

I have spoken many times on one particular subject, and I was told to-night that I was not to touch it; to keep away from it and let the steer alone for once. I fully intended to, and I am not going to say very much on that subject. I am glad the Minister of Agriculture (Mr. Motherwell) has ceased to read his newspaper; I have tried my best since I have been in this House to get him to reduce the rate on steers. I ask him again to give us the $15 rate to England; unless he does so that industry will shrink until it disappears. The hon. member who preceded me spoke of cattle going to the United States; give us the $15 rate for mature cattle and there is a market overseas which cannot be blocked. I have in my hand a request from one Scotch firm for 5,000 head of cattle; there is a wonderful trade in the Old Country. It is true that some rubbish is not fit to go over there, because the Scotchman is a pretty canny chap and wants well bred steers. Ship the rubbish to the United States if you will, but do not ship them, the immature young well bred steer off the western prairie. Saskatchewan, listen to me; I mean this. A well bred yearling or two-year-old growing on your farm is the best value you have and the best asset to any bank in western Canada; nothing on the farm will pay as well.

I have heard a great deal about the shipping of dead beef, but that is not feasible, as the minister knows. I am sorry that I must take issue with my leader on that matter; he as well as others on this side have spoken on that question and I am afraid I cannot agree with them. Let me say for the information of the House, after being in the trade for fifty years and after having shipped dead beef, that you will only try one shipment. The minister only tried one, and he knows that the loss amounted to about $50 per head. The logical way to ship Canadian cattle to the British Isles is on the hoof; that has been proved to be the only feasible way. I can demonstrate that with a statement by Mr. McLean of the Harris Abattoir Company; I do not know why he has had a change of heart, but he was formerly an advocate of the dead beef business. I quote:

9 p.m.

It would be unwise for any province of Canada to attempt a chilled meat business at present, stated Mr. J. S. McLean, of Toronto, at the annual meeting of the Western Canada Live Stock Union. His company, the Harris Abattoir Company, had discontinued chilled meat shipments because seventeen shipments made in 1921 lost the company an average of 2⅛ cents per pound. The total loss on 1,200,000 pounds was $28,000.

I was in the London market and saw South American chilled beef selling at 4½d. per pound, with our best Canadian steers selling at 11d. Which do you prefer? Those who advocate the shipment of dead beef do not understand the situation, and they are play-

ing into the hands of the enemy in the Old Country—those who were opposed to the admission of Canadian cattle into the British Isles. The minister knows that I am correct in that statement.

Mr. MOTHERWELL: Absolutely.

Mr. MULLINS: Ireland and those other countries say that Canada should ship dead beef; Ireland ships a million head of cattle to England a year, while Canada ships one hundred thousand. Ireland could be put into one corner of my constituency, but we are only shipping a hundred thousand head of cattle each year when we should be shipping a million. They want Canadian steers.

Let me say in passing that I did not intend to mention the steer; I have enough material without it, but the hon. gentleman who preceded me mentioned it, and so many professional men on this side of the House talk of dead beef that I want to put them right, in order that they may understand the subject thoroughly. That business is not practical; it is impossible; it brings us into competition with South America, which can ship no other way because its cattle have to cross the equator. It is impossible to ship dead meat from Canada and compete with South America. They would not ship their cattle dead if they could ship them alive, and the enemies of Canadian cattle in England are asking Canada to get into that dead meat trade, in order to get them out of the road of live cattle. The live Canadian steer is the finest of all animals, and the Scotchman knows it; just thirty days after the steer is landed in England it is ready to go on the market at the top price. I am sorry to see the Mail and Empire, a Conservative organ, persistently writing of the dead beef business; it is wrong, and I say so from the floor of this House; speaking from experience. I made one shipment of 600 cattle from Boston, which I have never forgotten; they went into competition with the cheap stuff from South America, and the loss was so great that I am not going back into that business.

I want hon. members of this House to know that the only salvation for Canada's cattle industry is live cattle, with more ships, and—for the last time, for the benefit of the minister—the $15 rate on the government ships. The minister has that power; he can give us that rate to-morrow morning if he will. But when I asked the Minister of Railways (Mr. Dunning) the other day if it was possible for Canada to have a $15 rate on live stock he told me that the question would be better answered at some other time, some future day. We in western Canada are tired of waiting. I do not say this for my own benefit, because I am out of the business; but I do say it for the men who have the cattle. The hon. member who just took his seat knows all about it. Do not come west, Mr. Minister, and give us another interview in the Free Press, to say that you are still doing something for us. Do not repeat that statement which you give us yearly; do something to-morrow morning instead. Who owns the Canadian Government Merchant Marine, and who is operating it? It is owned and operated by the government of the day, and if my party were in power and would not use these ships to-morrow to relieve the man on the land I would cross the floor of the House in five minutes. I would not sit in this seat longer than that if my party would not give that industry consideration, in order to keep the fertility in the soil of western Canada. Western Canadians know that our production is dropping from thirty bushels to the acre; you in Saskatchewan are dropping from fifty bushels, due to the lack of live stock on the farm. You are taking the fertility out of the soil, and you are putting nothing back into it through lack of live stock.

Mr. VALLANCE: If the minister reduces the rate to $15, will the hon. member walk over to this side?

Mr. MULLINS: That is not the only question to be settled. There are other big economic questions up for consideration, but if the minister will do it, I am big enough to give him credit for it in western Canada. I know there is a practical man on this side of the House who will do it if he gets hold of the lines, and if he does not do it when he gets the chance he will hear from me pretty loudly. Why should I cross to that side? I have told you twenty times, and I say it again now, that I believe in live cattle shipments, not dead meat shipments.

Mr. MOTHERWELL: That is the policy of this side. The dead meat shipments are advocated by hon. gentlemen opposite.

Mr. MULLINS: But they are not in power. The Minister of Railways (Mr. Dunning) said that the government merchant marine were out of the combine, and that I was a year late in making my representations. I do not think I was one minute late. If you are not in the New York combine, you are in the trade combine out of Montreal at all events, and what is the difference? There is no difference whatever. You could sail those ships to-morrow morning if you wanted to.

The Jensen line, a privately-owned line in Toronto, is sailing four ships, and they would carry the cattle at $15 if they could be protected against a rate war. Those ships carry nothing but live stock going east, and they come back empty. Why cannot you do it with the merchant marine boats? There are twenty-four ships, of 8,000 tons each. I have crossed the ocean, Mr. Speaker, on small boats of 3,500 and 4,000 tons. For thirty-five or forty years I have been crossing the ocean on just little tubs, boats that could not begin to compare with those of the government merchant marine. They try to tell us that these boats are no good, but they are splendid sea-going boats. Do not give these boats away; do not sell them for $45,000 or $50,000, because you are going to want them soon, and you will certainly need them when you open up the port I am going to ask you to open up.

I must ask your pardon, Mr. Speaker, and the pardon of the House for touching on the cattle question at all. I would never have brought it up if the hon. gentleman had not reminded me of it, because there are so many other important questions affecting this great Canadian family that we are supposed to represent in this House. We have the Maritimes with their coal problem, Alberta with her coal problem, Ontario with her peculiar problems—we have just heard of Toronto's need for a customs house; and in western Canada we have our great problems of transportation, better banking facilities, and the need for cheaper money. Do not go out there, you easterners, with your capital, and charge the exorbitant rates of interest, 8, 9 and 10 per cent, that you are charging out there, which works against the man on the land. No man can stand that exorbitant rate of interest. You have got to give the farmer in western Canada cheap money; you must help him and encourage him, and if you do that, we shall have a wonderful country.

For the benefit of the treasury benches, let me say this: Do not buy these corners here in Ottawa. Do not waste any more money on these buildings, because the day is coming when this parliament will be sitting in Winnipeg. There is the axle, half way between the Atlantic and the Pacific; there is the logical place for this parliament, and once you give the people of the west a chance, the bulk of the population of this country will be found west of Winnipeg on those great prairies. You gentlemen opposite who have the lines in your hands, hold those bronchos in and tell them to give you a $15 rate and cheaper money, better transportation and cheaper rates, so that the farmers of the west can get their products to the markets of the world.

It was not my intention, Mr. Speaker, to take up as much time as I have done, but I wanted to place myself on record for the benefit of the hon. member for Brandon (Mr. Forke) and the hon. member for Lisgar (Mr. Brown), for I shall not be here for the vote on Tuesday night. The hon. gentleman was for some reason or other very anxious about my seat and about my two friends here, who are just as loyal to the farmer in western Canada as any hon. gentleman sitting at the Progressive end of the House. I want the hon. gentleman to watch every step and move that I make in this House, and be sure and tell the people of Marquette of everything I do, which he said he was going to do. The hon. member for Brandon says there will be very few Conservatives come back to this House after the next election. He made me feel very anxious about this seat which I have been trying to hold since the 7th of January. I almost felt I was going to lose my seat when I learned that he had said in Toronto:

> One thing I do know is that the Conservatives, if there were another election, would never get the representation they have now in the west. They have seven members now from Manitoba, where they are in the minority.

Then he goes on openly to admit that he is a Liberal. He is reported as follows:

> The present Liberal government in Ottawa, in the opinion of the Progressive leader, will last this session without any difficulty. It may last its full term. "After all," said Mr. Forke, "the Progressives are simply Liberals in action."

Mr. FORKE: I would like to say for the third and last time—because this is the third time I have had to rise to deny that statement—that I never made it. I am not ashamed of it at all, but I did not make it.

Mr. MULLINS: I have never seen the statement denied. If I was misquoted in the press, I would correct the error. When I joined the Progressive party some years ago I thought they would be of some use to western Canada, but at the very first meeting I attended they began attacking the tariff. You have played on that string too long in western Canada. It is the only thing you have. You play with it, when it is not of vital importance to western Canada. It is like playing a Chinese fiddle with only one string. But you make the admission which has appeared in the paper. I have known you and I have always felt that you were just a good solid staunch Liberal, but that was the first time I saw the acknowl-

edgment in the paper that you were a Liberal in action. Now, I think enough has been said about you—the big stick and that sort of thing; but I do not think you would use the club very severely on any one. Having known you for a great many years and having known your sentiments, I say that you are a Liberal, and you have a right to go over to the treasury benches and take a portfolio. There is no one more honest in Canada to-day than the gentleman we call "Bob Forke". I know enough of procedure not to call members by name in this House, but I talk to my hon. friend just as we talk on the western prairies. The hon. member for Brandon knows our manner of speaking on the prairies, but in the House we address hon. members in a different way.

I do not wish to criticize the banks, but I want to give them a little advice. I suggest that they should give their branch managers out west more discretion, that they should say to them: "You shall have more latitude with regard to the man on the land, and, taking into consideration section 88 of the Bank Act, advance money to him at a reasonable figure, six per cent and no more."

In regard to rural credits. I would substitute the words, Mr. Speaker, "agricultural credit." I do not approve of any man going into debt if he can help it. I wish to see the man on the land out west get out of debt. A mortgage on a farm on the prairie is a cloud on every golden wheat field. If conditions were favourable out there there would be no reason to borrow money. An open letter was written to Mr. W. F. Maclean, House of Commons, Canada, from McAuley in my constituency, which reads:

> The people of this district have been put to considerable inconvenience by the closing up of the branch of the Royal bank at this point, for no reason other than they had been offered an inducement to do so by the Bank of Toronto, which has a branch ten miles from here which, we understand is not paying due to a limited territory and if they can secure our business it will help them, so a "saw off" was arranged and our business was traded for a similar concession at some point in Quebec.
>
> The Royal bank officials admit that they have made a profit each year since opening in 1919 and their local loans were repaid without loss. We are told that there was approximately $90,000 on deposit here when they closed and the manner of closing out was done in a most artibtrary manner. On Tuesday January 26, word came to the local manager that the doors were to be closed on January 30, no notice was given but the news soon spread and depositors came in to withdraw their accounts and take away securities lodged in safe deposit boxes, rented from the bank.
>
> Depositors were given the option of taking their deposits in cash while it lasted or having it transferred to any branch of the Royal. In cases where no instructions were given the account was transferred to the Bank of Toronto at Welwyn, Sask., which the bank was no doubt allowed to do under the Bank Act, which we understand is very favourable to the banks.
>
> As soon as our board of trade learned that the bank was to be closed a public meeting was called and a delegation of two were sent to Winnipeg to wait upon the western representative of the Royal bank, to ask that they keep open for at least a month, so that we could take steps to secure another bank, or at least to allow us reasonable time to settle our business affairs. They said they could not do this as their hands were "tied".
>
> The delegates called upon the representatives of several other banks, who agreed to consider the matter of opening here, but we now find that the Bankers' Association has whipped these into line, and the Bank of Toronto people who bargained for our business, are laughing at our futile efforts.

For a time they had a branch bank at McAuley, but for some reason or other the boards of the banks made some kind of trade and left that place without a bank. The farmers need banks when they are shipping their grain, and they need them also for their savings. The bank manager of a small branch must have wider powers in western Canada, because he really knows the conditions. If in the matter of loans he is subject to a limit of one or two thousand dollars and he has to send to the head office at Quebec, Montreal or Toronto for authority to make a larger loan, it takes a couple of weeks, and it is then probably too late to meet the requirements of the man seeking the loan. Furthermore, the loan is often not granted because in the head office they do not know the real conditions as well as the man on the ground. We want more banking facilities out west. This letter was sent to Mr. Maclean and a copy was forwarded to me. I have read it for the benefit of the Banking committee and I ask that when that committee meets again something be done to help the men in the rural parts of that great western country.

I will speak now on an important subject —and I know there will be severe criticism, but I am going to stand up against it; a good many men in a certain line of business will take objection to what I am going to say in this connection. I say that the proper method of making a success of the farming industry in the west is by the promotion of the co-operative spirit. This proposition was started by my right hon. leader (Mr. Meighen) some years ago. A bill was introduced to provide for the marketing of the grain of western Canada. It was followed up and a great many people criticized it, but they have adopted that plan, and I say the system of co-operation is the only true system to provide for the marketing of the grain product.

I have closely watched the operation of this system. It is run in an honest way, and I believe it is going to be very successful. Such a system is imperative. I have always said that in order to be successful the farmers should get together—but not for politics; keep out of that issue altogether. It is imperative that the agricultural leaders of the west, and the leaders in manufacturing, railways, banking, and other commercial interests of the east should get together on common ground, for a common understanding, for the common good of all concerned. I wish to refer to a statement made by President Roosevelt on this point—and I may say that I had the honour of riding on a ranch with that gentleman, who has crossed the Great Divide. I met him on another occasion in Toronto and I was with him also in Dakota; I slept with him under canvas many years ago. I always admired Teddy Roosevelt. He said:

> The co-operative plan is the best plan of organization, wherever men have the right spirit to carry it out. Under this plan any business undertaking is managed by a committee, every man has one vote and only one vote, and everyone gets profits according to what he sells or buys or supplies. It develops individual responsibility and has a moral as well as a financial value over any other plan.

The farmers of western Canada have made numerous attempts to solve the question by co-operative marketing by the wheat pool. I feel that it is the only solution of the question of marketing the grain in western Canada. The day will arrive when the western country will produce men who will not be swept off the rocks by the surge of a popular political wave. I want the hon. member for Brandon to listen to this statement. I have made some study of the question. This is a matter I have worked out—I do not mean my speech—and I did it particularly for the benefit of the hon. member for Brandon:

> Co-operation Is The Clarion Call
>
> The day has now arrived when western Canada must produce agricultural leaders who will not be swept off the rock of reason by the surge of a popular political wave; leaders who are capable of understanding that the need for legislation is only incidental, that the primary need of the prairie farmer is broad, comprehensive co-operation—co-operation in production, co-operation in distribution, co-operation in marketing. It is true that production must be largely an individual matter with the farmer, but if he can cut his threshing bill in half by co-operation, what is to prevent him from cutting his ploughing and seeding bills down through get-together methods? Why cannot he make a weedy farm as unpopular as a skunk in the dairy room, and thus save for himself the millions of dollars it costs the western farmer annually to grow weeds?
>
> The tariff is a matter that has finally got to be solved by a mutual agreement and understanding between the farmers and the manufacturers. No sane, concerted action has ever been adopted in connection with the Canadian tariff, and there will never be a solution as long as senseless political sparring at long range continues. We do not purpose discussing the tariff question in this pamphlet, because of the reasons just stated. Here is something worth noting, however: The farmers complain that the tariff cost them some $9,000,000 in 1922, but never a word is said about the loss of $150,000,000 to the farmers of western Canada in 1922 through weeds.

The Minister of Agriculture (Mr. Motherwell) said that I discussed the Australian treaty all through the constituency of Marquette and evaded the tariff issue. That is not the case. The question of the tariff was discussed on every platform in Marquette. I had before me a memorandum of subjects so that I would not go astray. I had so many heavy subjects to handle, such as the expenditures of the country, questions pertaining to transportation, and so on, that at times I may have been able only to touch on the tariff lightly. Perhaps that is what the minister alluded to, but the tariff was discussed on every platform and was explained to every woman in the county. In order to realize that the women of Marquette appreciated the value of protection, you have only to count the Liberal votes in Marquette where the silver-tongued orator, Dr. Roche, used to have a close call. It was always a close constituency, and the majority I received showed that the ladies in that constituency recognized the fact that the government had made a treaty that hurt the Canadian hen. Every time the ladies there wanted to buy spring millinery and new dresses they thought of the tariff and they went to the polls and voted accordingly.

At Shoal lake we have the highest class dairy in the country; nothing in Canada can beat it because it is carrying off all the prizes against the world. It took the first prize at the National Exhibition at Toronto. A lady from McAuley carried off the first prize for dairy butter, and the women in that constituency know that the treaty which the government made permitting Australian butter to enter Canada was wrong and against their interests. I am well aware of the support that I received and the vote that was quietly registered. It was largely Liberals who voted for me because they knew that the government had made a treaty that was affecting their interests.

I would ask the Minister of Agriculture to put down the paper he is reading because I cannot talk to him when his face is concealed behind a paper. I have been looking at his kindly face for forty years in western Canada and I have no ill-feeling towards him. I like to see his genial smile, but when he hides his face behind a newspaper I cannot speak to him. The Canadian dairy cow is speaking through me to you and she says:

Why did you do it? I tried to give you the best milk that could be produced and you made a treaty allowing Australian butter to come in. The Canadian hen says: I laid the best eggs in the world for you and you have made a treaty allowing Chinese and Australian eggs to enter Canada in competition with the finest egg in the world, the egg that is laid in Canada under the most sanitary conditions. I have seen people in those foreign countries raising eggs; I have seen how they feed the hens, and I refuse to eat imported eggs. I appeal to the minister to do something in the interest of the farmers out west.

There were 253,000 tons of screenings at Fort William out of last year's crop and they were disposed of in this way: 126,000 tons went to the United States, only 995 tons came to Manitoba—and part of that I fed—and the balance went to Ontario points. If the government want to do a favour to the farmers on the prairies they will prevent these screenings from going to the United States and let them go back to the western farmer at a reduced rate so that he can feed the young growing cattle. The men who are running the grain pool are putting in a screening elevator; they are going to clean some of the wheat at home and we shall have the screenings for feed.

I am looking forward to the day when we shall get on to the right system of farming and have homes, not boarding houses on the prairies. I have been taken to task for speaking of the cowless, sowless, chickenless farmer. I did not mean anything wrong although I meant every word I said. I did not mean to be insulting to any man who is growing wheat in western Canada. The man to whom I was referring was not the mixed farmer but the man who has not a home on the prairies, who is just exploiting the soil, and who is ready to move out at any time. The Saskatchewan members know him well. You will have more patriotic citizens when you have them making homes for themselves, because a man will defend a home before he will defend a boarding house. I want to see the farmers of western Canada build comfortable homes for themselves, make them congenial and keep the boys at home. I do not want to see the boys lured to the city because they see their brothers there getting rich through other sources. I want to see the coarse grains driven to market on four feet through live stock such as hogs, cattle and so on, because that will make any farmer in the west rich. He cannot become rich just by growing grain. My hon. friends from Saskatchewan know that there must be diversified farming if they are to succeed. It is imperative that the prairies shall be populated, and homes will be established there when that great country gets half a chance in the way of transportation so that the barriers may be broken down and we may get to the east and reach the ocean through the Hudson Bay railway.

Mention of this project brings me to a question which has been discussed to a considerable extent. If I may say so, I happen to be the only man in this House to-day who was present at the meeting in Winnipeg thirty-eight years ago when Hugh Sutherland, a personal friend of mine, and Mr. Scarth, were contesting that seat. Hugh Sutherland brought forward a telegram announcing that the rails were on their way and that the road would be built. Well, that was thirty-eight years ago and we have been building the Hudson Bay railway ever since. At every political meeting since that time the people have been told that the work would be proceeded with, and bit by bit the road has been constructed until at the present time it is within ninety-two miles of the water's edge, having been constructed up to Kettle rapids. But that is as far as it has gone. Now the government tell us that they are going to complete the Hudson Bay railway. Let me assure them that I am heartily with them and I trust that they will carry out their intention.

In this connection I have been criticized for having gone to Middlesex and talked to some of my old time friends who were in the cattle business. The hon. member for West Middlesex (Mr. Elliott) knows just what I said, and he can bear me out when I declare that nothing that I had to say could possibly call for adverse criticism, inasmuch as I did not discuss the Hudson Bay railway. The hon. member is no doubt aware also of the identity of the person who sent a certain telegram which has provoked so much criticism of myself. All the way from Arkansas I have received communications more or less to the effect that my comments on the subject had left a nasty taste in the mouths of these people. I never opened my mouth in regard to the Hudson Bay railway. The hon. member for Lisgar (Mr. Brown) is not here, but I want to tell him that when he refers to the hon. member for South Oxford as the gentleman who was with me on the platform he is entirely mistaken; it was the hon. member for North Oxford (Mr. D. M. Sutherland) who accompanied me. The hon. member for South Oxford was out west and he did say that the Hudson Bay railway should be built, but Doctor Sutherland was with me on the platform and was never west

of the Great Lakes. He did observe at the close of the meeting that the government were throwing away millions in connection with the Hudson Bay railway and that this was a waste of money. These remarks he made after I had spoken and I said to him from my seat, "Wait a moment; you are wrong; you do not know what you are talking about." As I say, this was at the close of the meeting and I had no opportunity whatever to make any statement. Now I ask my hon. friend from Lisgar to go to Marquette and explain the circumstances to the people there. I have been criticized severely in this matter but this is one of those occasions in politics when one is misrepresented, whatever one may do. It does not matter whether you keep silent or whether you speak; people will criticize you. Let me say, however, that here as well as elsewhere I stand absolutely for the farmers of western Canada, and I defy any man to show wherein I have done anything that will tend to prejudice their interests. And so long as I have the honour to occupy the seat for the constituency of Marquette I will do everything in my power to further its interests in every way.

I am absolutely at a loss to know who is distributing the pamphlets criticizing the Hudson Bay railway. Who is the man and where does he come from? I do not believe that he has ever seen Hudson bay. I do not think he knows anything about it. Yet he or somebody else goes to a lot of expense to have these pamphlets printed and distributed. If this Mr. J. L. Payne wants a picture of the Welshman in the gulf I will bring a lantern slide and show it for his benefit. The year in which the embargo was placed against Canadian cattle I was waiting in Montreal with a friend who had 507 head of cattle in this vessel and she was stuck in the ice in the gulf for two weeks. Some of the boys took a picture of her. But that would sink into insignificance in comparison with some of the pictures that appear in this pamphlet, a copy of which has been left in my post office box.

I have read in the Ottawa Journal an article on Hudson bay, and while I do not want to fall out with the press I must point out that this article is altogether wrong when it states that money spent on the Hudson Bay railway is just so many millions thrown to the icebergs and the wolves and seals. Why, while I was reading this article in the spring people were bathing in Hudson bay. I had up in my room to-night a gentleman who was in swimming in the bay and he told me that the water was warm in September. The gentleman to whom I refer, Mr. Hoey, was a member of this House in the last parliament, and the Premier of Manitoba as well as the mayor of Winnipeg have told me the same thing. A friend of mine spent from May to November last year at Hudson bay and as a result of his observations he was able to assure me that in his opinion the bay was navigable beyond a shadow of a doubt. I know myself that it is navigable, and there is no reason why the Hudson Bay railway should not have been built. If it had been built all the way and had been found then to be impracticable, the people of eastern Canada might with justice have exacted their pound of flesh.

I want to tell the Minister of Railways that if he wishes to create a reputation for himself he will complete this project, but I am afraid that the course which the government is at present pursuing is a mistaken one. I am sorry that the minister is not in his place, because it was my desire to put my views particularly to him. I do not want to be in any way critical; but I must ask him to give the country an honest deal in this matter. He can make a record for himself if he will go about the completion of the Hudson Bay railway in the right way. Do not let him give us assurances as was done in the case of the Canadian National, that the thing can be done for ten or twelve million dollars and then find in the long run that the cost has increased to some four hundred millions. We want a railway which will be honestly constructed in every detail.

In this regard I desire to quote a letter which will speak for itself. What the government is doing at present is this: it is simply laying down what may be called cull ties. These ties are being spread along the line and they are not more than six inches in diameter. They are made of swamp cedar and are being purchased from the United States. Surely this is appalling. A friend of mine, an old cruiser, happened to be going on an expedition along the route of the Hudson Bay railway, and in reply to a request I made of him to keep his eyes open and advise me of conditions he writes me the following letter from the Pas. It is important that hon. members should be apprised of the contents of this letter. It is addressed to myself and reads:

> Referring to my previous correspondence with you, I am giving herein a few more particulars in connection with the H.B.R. You may remember that in 1918 a large quantity of material was taken from the H.B.R. caused through the exigencies of war. Included in the items were sixty cars of steel, each containing thirty tons. Probably locomotives to the number of a dozen, in addition to flat cars and a very large number of ties were also removed. I have never yet heard whether the H.B.R. was given any cash credit for the equip-

ment thus taken, but if so, it would be very interesting to know the amount so credited. I understand that the ties thus removed were used on the line between Preeceville and Kenville.

You may not know, but it is a fact, that large supplies of edibles are always kept in warehouse at Port Nelson. From information I have gathered, large quantities of these supplies are sold at cost to the Hudson's Bay Company, particularly to Mr. Harding, manager of the H.B.C. post at York factory.

This is the point which to me is of most importance.

It is more than interesting to note that the ties now being distributed along the Hudson Bay railway are in no cases No. 1, but are better described as being culls made from old swamp cedar. A man who knows a great deal about ties tells me that many of the ties are only five or six inches in diameter and are not likely to hold the spikes.

I am mentioning these matters to you as I should like some one to put questions to the Minister of Railways on the points raised by me in this letter.

If the government are starting the work of completing the Hudson Bay railway in that fashion the prospect for us in the west is not very hopeful. If you put down ties that will not carry a donkey engine you are not going to be able to transport much traffic. I ask the government to remember that there are going to be heavy wheat trains and heavy stock trains rolling up to Hudson bay. I have every confidence that this route is navigable, regardless of what Mr. Payne says, or what any pamphlets profess to show. I know it because of this experience: I have crossed the Atlantic ocean about 104 times. In the course of these trips I have asked the old mariners I encountered on the cattle ships how they have spent their lives. Many have told me that they have spent years fishing and sealing in Hudson bay. I have asked them often what that route was ilke, and their reply has invariably been, "I would rather navigate the Hudson bay route than the strait of Belle Isle. It is not nearly as dangerous, it is a far better and an easier route." Think of the ships that have been wrecked on the island of Anticosti. Why, if you took a map of Anticosti you would not be able to put the head of a pin upon a place where there had not been a shipwreck. On the other hand, ships have gone in and out of Hudson bay freely and I only know of two vessels that have been wrecked in the course of a long period of years. My implicit belief is that the Hudson bay route is a safer and easier route than the St. Lawrence route. I have no fault to find with the legitimate claims of St. John or Montreal, and I have been shipping out of the latter port for a great many years. But these ports enjoy a big trade from Ontario. All I ask is that we in the west be given a chance. There is no existing route as satisfactory for the transportation of live stock as the Hudson Bay route will be when it is completed. I have seen from 100 to 150 cattle thrown into the St. Lawrence between Montreal and Quebec due to the heat and imperfect ventilation on the cattle ships. You will never get happenings like that on the Hudson bay route. Our western cattle are raised under cold, bracing conditions. They are healthy and hardy and will stand the Hudson bay route twice as well as they do the existing long railway haul to the Atlantic. It is the long haul from Winnipeg to the seaboard that is mainly responsible for shrinkage in the number of weight of cattle; they do not suffer so much on the ship. The hon. member who has just taken his seat has crossed the Atlantic several times and knows that I am speaking the truth in regard to this matter. It is the railway haul, not the ocean trip which is most to be feared. Given fair weather, you can maintain your cattle in good condition on shipboard.

Much criticism of the Hudson bay route is being indulged in. I am sorry to say that even some hon. gentlemen on this side criticize the project, and make fun of me when I refer to it. But I want to remind my critics that some years ago it was said that only a strip of 46 miles west of the Great Lakes was fit for agricultural purposes; the rest of it was a frozen and arid district. That statement was made by a prominent engineer, but some of us have lived to see how foolish that prediction was. It was said at the time of its inception that the Canadian Pacific railway would not pay for the axle grease used on it, that it would traverse an arid and frozen country. The man who made that foolish prediction published a book on the subject. He was a most learned engineer, and he considered it to be his mission to save this country from the great loss of building the Canadian Pacific railway. Away back on May 6, 1886, an old friend of mine, Mr. W. F. Luxton—the hon. member for South Winnipeg (Mr. Rogers) knows him well,—wrote an article in the Winnipeg Free Press, of which he was editor. That article, the language of which is as applicable to-day as it was then, was thus worded:

This project is the bright hope of the Canadian northwest. Compared with it, many other most important things are insignificant. It is nature coming to disperse the barriers which she herself has raised. Our natural disadvantage is that our land is too remote from the sea coast and the markets of the old world; our wonderful natural advantage is that in Hudson bay we have a sea coast near at hand, and via Hudson bay we have a shorter route to the old world than that of our neighbours in the east. While nature has placed us far inland, in the very centre in fact, of the broadest portion of the continent, she has placed near at hand the great inland

sea that will solve the difficulties of our position. Our lands are the most fertile in the world, and the opening of the Hudson bay route must instantly bring us as near to European markets as are the provinces in the east or the states to the south and east. The prospect is magnificent! No more exciting offer was ever held out to any people than that which is now extended to us by the Hudson Bay railway and the great natural privileges with which it is to connect us. Let us see to it that no man dares to oppose this great country in this its great desire.

We have been a patient people in the west in regard to this project. Now after all the time that has elapsed, we are looking to this government to complete the railway and complete it in an honest fashion. If the present government cannot do it, let them make way for hon. gentlemen on this side. Then the road will be built and built in an honest manner. Then we shall see great trainloads of grain and cattle thundering over the Hudson Bay railway on their way to the ocean terminal. There is a paper called the Journal published in Ottawa. I read it every morning. I do not know why that paper criticizes the Hudson Bay route in the manner it does. It doesn't care a tinker's darn for Harry Mullins, Mr. Murphy or the member for Springfield (Mr. Hay). But the man who writes for the Journal is only one individual. Does he know all about the subject? Has he been to Hudson bay? With his limited knowledge of the subject, is he going to endeavour to mould public opinion? I have been up that route—although not quite as far as the Minister of Agriculture—I have been all over it, I have photographs of the route and of the country. It is a splended route and a splendid country. The district through which that road will pass is a fine country. The district tributary to the railway is exceedingly rich in minerals, and the waters of Hudson bay teem with fish. Many western men, including the mayor of Winnipeg, have been over the route and seen the country for themselves. The hon. member for Dauphin (Mr. Ward) has been all over that country and knows it well. He knows that it is a wonderful country, and that the Hudson bay line will pay well.

The opponents of the project are now attacking Nelson; they want the terminus diverted to Churchill. But the harbour at Nelson is a splendid one; there is nothing wrong with it. The work will not be as costly as has been said; the Journal had better go up there, take a trip over the road and find out what we have. I appeal to hon. members from Quebec to stand back of the project; do not fight it. I do not need to appeal to hon. members from Saskatchewan; they know all about it. I belonged to Ontario in my boyhood days, and you professional men from Ontario should not block us in the realization of this hope. Is there another Mr. Marler to spring up and thunder in this House, with his documents and data, against the Hudson Bay railway? I wish I had a legal mind and could pile up legal data as other hon. gentlemen have done; I would like to be able to prepare a brief, but I have not the legal mind; I can only appeal from the common sense standpoint. But I am afraid some of these eastern men are going to talk against that project, and I know they are absolutely wrong and unfair to our western people. What an opportunity we have, with an outlet on the Atlantic; now with an outlet in the middle west and another at the Pacific coast! We can have a wonderful Canada and I appeal to you not to block this proposal. We have sympathy for you in the Maritimes and in all the other provinces and I ask you not to take issue with us, because this railway will solve the greatest question in those prairie provinces.

A great deal has been said about the climate at the bay. I have a document here from a gentleman who knows all about it, who has lived there for a long time. It is too voluminous to read, but the climate is said to be free from disagreeable features or conditions of exceptional seasonal severity; it is a climate of beautiful warm summers, cold but exhilarating winters and short interventions of spring and fall. Between the Pas and Winnipeg there is a difference of about three degrees of temperature the year round. Not only are summer temperatures especially favourable to plant life, but the length of daylight, about eighteen hours in these latitudes, and its low absolute altitude are important and unfailing influences in the rapid growth of field crops. We in the west are two or three weeks ahead of Ontario now; the grain is up and the grass is growing; the west is calling those who belong there. I have lived in the west for half a century, and I feel satisfied that if you give us an honest road to Hudson bay and complete it to tidewater there will be no handicaps at all. The merchant marine will come there and every ship will be needed; do not sell another boat, because there will be plenty of cargo both ways.

10 p.m.

I have taken up a good deal of time on this matter, but I would have liked to say a great many more things about it. However, there will be another opportunity for me to speak on the Hudson bay project, and for the benefit of the hon. member for Brandon and the hon. member for Lisgar I would like now to give my views on the questions of the tariff and the budget. I am sorry I must

be absent on Tuesday when the vote is taken, but I have to leave on account of my health; do not think I am shirking my duty. I am going to talk to you now about your pet tariff, and then I will close. I know you want me to come to that soon.

I know, as do my hon. friends, that the world likes a man who keeps his word. It pays a man to keep his word in western Canada, because half of the business there is conducted by word of mouth. I have seen hundreds of thousands of dollars change hands without the help of our legal friends; they were not needed. They take a man at his word out there, and if you make a statement on any public platform in the west, be sure you are correct; the men there will not stand back of you if you break your word. I know the Minister of Agriculture wants me to talk on the tariff for a few moments, because he said I bamboozled the electors in my constituency. I did no such thing. I have lived under Sir John Thompson, Sir Charles Tupper and all the prime ministers down to the present, including the great Sir Wilfrid Laurier; we have always had a tariff since the days of confederation. How will we get revenue without a tariff? The Prime Minister stated in Neepawa, I think, that he was going to have a tariff board, but what did he do? He formed a tariff board, and immediately emasculated it .

Some hon. MEMBERS: Oh, oh.

Mr. MULLINS: I think that is the word; he immediately emasculated that tariff board—

Some hon. MEMBERS: Oh, oh.

Mr. MULLINS: If the word is wrong I am willing to be corrected; I am not as highly educated as some of our university graduates, but I am sure the word is right, because I looked it up before using it. That was what happened to the board, and it was absolutely unfair; the west did not like it. On that account, for the benefit of the hon. member for Brandon and the hon. member for Lisgar I want to put myself on record, so they may go to Marquette knowing how I stand. I stand for a man who will give his word and keep it. But the Prime Minister went to Kingston on October 21, just before the election, and told the manufacturers there that he believed they should have protection. He remarked:

> We realize that our industries here have to have safeguards with respect to competition from other parts of the world; competition from the country to the south of us; competition from conditions as they are in England, and we think that is all the more reason why, in these days of depreciated currency and the like, we should have the benefit of expert advice and information on all these great questions of the tariff.

The tariff board was formed, and on it was appointed a personal friend of mine, a gentleman I have known for many years, Mr. McKenzie. I know he is not a high tariff man; his father was not and neither is he. The matter of any proposed tariff changes should have been left to that board, in all fairness. The people of western Canada will not take that question as seriously as the hon. member for Lisgar does. He said he was going to watch my step in this House, and that is one of the reasons why I want to place myself on record to-night; I want to show where I stand.

So far as reducing the income tax is concerned, the reduction will help the young man who is getting three or four thousand dollars a year and has some idea of getting married, but it does not help very much the poor fellow who has a little faith in this country and has invested his money in the stocks of Canadian companies. I know a chap who has invested all his life's savings in Canadian companies, to help promote industry in Canada, and who is living on his dividends. Why should you curtail his income? You take mighty good care of your own salaries, and go after the fellow who has a little faith in his country and is drawing an income from dividends from Canadian companies; you tax those dividends three or four times. But you do not tax your $14,000, your $10,000 as ministers, and your $4,000 indemnities. You have that fixed so that you will pay only one tax, but you are going to tax three or four times the dividends of the man who is trying to help build up his country. Think it over. Do not block industry in this country. I am not making this appeal for myself, but for the many people in this country who have their money invested in Canadian companies and are living on their dividends.

The automobile tax reduction is not such a great thing. To me it does not mean very much. I believe in protection, but I do not believe in a manufacturer hiding behind the tariff and making a fortune out of it. As my right hon. leader says, I would see that he was not allowed to do that, especially the man who is manufacturing implements. I would have a tariff board, and I told the people of Marquette that we would have a tariff board. But the kind of tariff board I mean is not one that would take an industry by the scruff of the neck and throw it out of business, saying: Get to one side, you do not know your business. That is what the government has done in connection with this automobile reduction. They have made a drastic cut in the duty. I saw those four

thousand splendid people from Oshawa come and stand in the front of this building. Unlike the hon. member for Winnipeg North Centre (Mr. Woodsworth) I did not pick out a young fellow to talk to; I picked out an old fellow, and I asked him, "How long have you lived in Oshawa?" "All my life," he said. "Do you know Mr. McLaughlin?" I asked him. He said "I do." Mr. Speaker, old Mr. McLaughlin had no motor car. I was in California some years ago and bought a motor car there, and I was driving Mr. McLaughlin in my car through the orange groves in that southern country. I drove a McLaughlin buckboard and a McLaughlin buggy on the western prairies, and they were made of real honest material. I bought a car in the United States—get this, Mr. Member from Brandon, and tell the people of Marquette about it; I want you to tell them—I bought a car in the United States, and the spokes flew out of it and the body began to squeak; it was the poorest, shoddiest material that was ever put in a car. I bought a D-45 McLaughlin in Canada; I had it eight years, and I only gave it up because I got so ashamed of the people of Winnipeg asking me, "Mullins, when are you ever going to change that car?" I was afraid to let it go. I would rather have one McLaughlin car made in Canada than twenty shoddy cars made in the United States. Just look at an American Ford coming into the city of Winnipeg. Look at the wheels shimmying and wobbling. I believe the hon. member for Brandon is too shrewd a Scotchman to vote for anything like that. I am sure he would rather give double the money for a Canadian made Ford or a Canadian made McLaughlin. I do not think the hon. member for Brandon had anything to do with this cut in the duty on automobiles. I do not think he wielded the club over the government's head in the matter. I think his sympathies would be with the 4,000 men who came to this parliament asking us to protect their homes and their livelihood.

Some hon. member has said that the city of Hamilton consumes as much beef as we export. I have not checked that up, and I do not know whether it is right or not, but I should like to see a few Hamiltons and Torontos with their industries out west, and I would like to have a few of them scattered through the constituency of Marquette, to consume the products of our great prairies. Would I support a measure that would have a tendency to drive those 4,000 men away from Oshawa where they have made their homes, where they have lived all their lives, where they used to build buggies for Mr. McLaughlin, and where they said they had splendid homes and fine working conditions—would I drive them across the line? No, Mr. Speaker, not by my vote in this House, not if I lose my seat in Marquette forty times over; I will never do it. I spoke to these men, and found out from them the inside conditions. I do not hold any brief for Mr. McLaughlin if he was hiding behind the tariff, but I do say that you should have put the tariff board to work and have found out the facts before you touched this industry. It is unfair to cut the tariff without investigation.

Let me say a word to the Labour leaders from Winnipeg. I sat under the ministry of one of them. I listened to him preaching for a number of years, and he was a splendid chap. I do not know what has changed his ideas; I do not know what is the matter with him now. He used to preach splendid sermons in our church.

Mr. BENNETT: He has fallen by the wayside.

Mr. MULLINS: I do not know what has changed him. I do not know anything about his colleague (Mr. Heaps) as a preacher, but I do know about the other man. I know a manufacturer in Winnipeg, manufacturing gloves and mittens. At the request of the industrial bureau I put a little money in that business to help him out. He had a hundred girls at work, and one Saturday he came to me with beads of perspiration standing on his brow, and said he had no money to pay those girls and asked me to help him out. He took me over to the Bank of Toronto and got me to endorse a paper for him so that those girls could receive their weekly pay. That fellow was not drawing as big a salary from the business as those girls were. They were making from $25 to $28 a week, and that poor fellow who was manufacturing these gloves only drew $100 a month. As I walked across the market square with him I heard a man standing on a soap box fairly eating up the poor employer; he was just devouring him, running the poor employer down, and here was a poor employer with me who was sweating drops of blood to meet the pay cheques on Saturday night. So I say to the hon. member for Winnipeg North Centre, have a kindly word for the manufacturers. They are not all you think of them; be fair to them. I say that honest labour has a right to organize, and to strike if they are being oppressed by capital—yes, every time; but do not be unfair to the manufacturer. These men who came from Oshawa were being treated fairly. Every one of them that

I talked to spoke very highly of his employer, and they were all well satisfied with their working conditions.

I am going to support the amendment, and I want to let the people in Marquette know that the government did not carry out its promise that it would appoint a tariff board and have a thorough inquiry into the question of the tariff before taking action. I am not finding so much fault with the budget as with the method adopted by the government on this occasion. That being the case I cannot support the motion to adopt the budget. I appeal to hon. members of this House not to be unfair to industry, not to take too narrow a view of it, and not to be too rabid in their ideas in regard to the western country and the building of the Hudson Bay railway. With these remarks I leave the situation in regard to the problems of western Canada in the hands of my hon. friends on this side of the House.

Mr. J. ETIENNE DUSSAULT (Levis) (Translation): Mr. Speaker, when at the opening of this session, the hon. Minister of Justice (Mr. Lapointe) proposed your re-election as Speaker, I enthusiastically approved of it like every other member of the House. Of course, you were best qualified to hold that position under the abnormal and difficult conditions due to the result of the last general election. But in doing so, the Liberal party gave the country and parliament further evidence of their self-denial and they deprived themselves of the services of one of the most able members of parliament and of the most eloquent orators of our race. Mr. Speaker, let the first words that I utter in this chamber be words of hearty congratulation to you.

I do not intend to speak very long on the subject which is now before the House, but I would not take up the budget at once without saying to the hon. member for Toronto Northeast (Mr. Baker), like hon. members who preceded me, how much we appreciated his delicate feelings in expressing himself in this House in the French language. The example which he set is worth being followed by every one of his English speaking colleagues. The compliment which he paid to us was appreciated not only in this House, but I venture to say in our whole province and the people of my district whom I met on my last week-end trip have asked me to thank the hon. member for Toronto Northeast on their behalf and to tell him that if he keeps on studying the French language, they will soon be glad to call him "Boulanger" and should he go further, to open to him the doors of the Liberal party. The electors of the constituency which I have the honour to represent have received with a great deal of pleasure, I should say with enthusiasm, the budget as presented by the hon. Minister of Finance (Mr. Robb). I come from a district where wealthy people are an exception. A good number of my constituents, perhaps not the average but those who have some means, enjoy a decent comfort. They were among those who, under the old scale of taxation had to pay an income tax ranging from $40 to $200 a year. The present budget decreases their charges considerably and enables them to get a little more than what they formerly used to consider as luxury; it enables them to give their children a better education and, at the same time, to enjoy more of the pleasures of life. They have been just as happy to hear that the Minister of Finance did not have to show deficits or to announce an increase of the debt. Judging from the present budget, we may state that our country has gone through the after-war crisis and that, in the future, our financial results will favourably compare with those obtained by our beloved chieftain, Sir Wilfrid Laurier. Ever since the beginning of this session the members sitting to your left strove to show, in all possible manners, why and how they have been reelected as members of this House. They state that, in their constituencies, the only important issue was that of high protection. Since this session began hon. members from the Maritime provinces have told us that they had been elected, not only in order to favour protection, but in order to uphold the rights of those provinces. The members from the West told us: We must have freight rates which will enable us to ship our products to the European markets; but everyone of them favours protection. Among the members who sit to your left, Mr. Speaker, I seek in vain for one who said: I favour high protection, I want a higher tariff on such and such an article manufactured in this country; I would like to see the duty raised 10 or 20 per cent above what it is to-day. They are in a general way in favour of high protection, and nothing more.

With us, Mr. Speaker, conditions differ somewhat from those in the rest of the country. In the province of Quebec, the people are not exclusively supporters of free trade, but they do not advocate a high tariff, and you will readily understand why. In such constituencies as are depending on industry, it is more than likely that the voters should demand more protection in favour of the

industries on which they depend for their living; but when hon. gentlemen on the opposition side tell us that the province of Quebec as a whole is advocating protection, I feel that it is my duty to take exception to such a statement. For instance, Mr. Speaker, in the constituency of Levis, which I have the honour to represent in this House, there is not a single industry that is dissatisfied with the extent of protection enjoyed at the present time; and for years and years back, the people of Levis have been taxed for the benefit of the manufacturers. For that reason, it would hardly be fitting to come and tell them: You ought to consider yourselves fortunate in having to pay a higher price for anything you purchase inasmuch as what you thus pay goes towards the making up of wages earned by your workers! There is no worker in our district who can make a living out of the wages resulting from a high tariff policy. Should the big interests ever decide to establish any new industry in the city of Levis or in the town of Lauzon, I think that my constituents would be justified in protecting and doing their utmost towards safeguarding the capital from which they would derive their means of subsistence. But until such industries are established I see no reason why our people should be keen on paying a much higher price for anything from which they derive no benefit, directly or indirectly. And, Mr. Speaker, I believe that the people in Ontario are beginning to admit the fitness of what I have just said. In fact, last night I clipped from the Star a short item reproduced from the Hamilton Spectator:

> Everything that gives Quebec and Ontario a common aim, everything that turns the sympathetic attention of men in Ontario to Quebec and of men in Quebec to Ontario, is of value to both. The growth of manufactures in Quebec will in time bring industrialist and workman there to see the viewpoint of the Ontario manufacturer.

That, Mr. Speaker, is exactly what we said to the voters during the last electoral campaign. We said: "If the manufacturers expect the province of Quebec to patronize them, the least they can do is to come along and let us benefit by their investments and thus assist in the development of our province."

The chief industry in my constituency is that of steel shipbuilding and neither the employers nor the workers engaged in that industry could depend on protection for the betterment of the conditions they are confronted with; a high tariff would solve none of their problems. Their competitors in that branch of business are British firms, from the United Kingdom, and every one knows that no party would ever undertake to increase the tariff to the detriment of British shipbuilders. The remedy to the ills suffered by our workingmen employed in that particular industry is within reach of the administrators of this country: it is the readjustment of dry dock charges for ships in need of repairs, and such a readjustment can be made without any loss of revenue to the public treasury. Rates charged for the use of the dry dock in the case of ships to undergo permanent repairs should be decreased by half, so as to enable our Canadian shipyards to compete successfully with foreign shipbuilders.

This, as a rule, is what takes place when a large ship, liner or cargo boat is stranded somewhere in the river—the insurance companies concerned in the salvage of that ship immediately call for tenders from the different Canadian shipbuilding companies as well as from American and English shipyards. When thus competing, Canadian builders, as for instance those of Levis, must add to the cost of actual repairs such rates as they are compelled to pay for the use of the docks. Their competitors in England, who have been engaged in that industry for centuries, own their own dry docks and, in the price of their tenders do not include docking charges. Mr. Speaker, here in Canada, the department of Public Works would only have to lower by one half their docking charges and as an immediate result, our Canadian shipbuilders would be in a position to compete with the British shipyards. In fact, what happens when the Canadian employer is thus prevented from securing a contract? The ship is raised and laid up in the dry docks where she undergoes temporary repairs, which means, for instance, that whatever plates of the hull are warped or twisted are not even removed but covered with new ones; then the ship is launched again and with a full or half cargo, proceeds to Europe where the permanent repairs are to be made. If dry dock charges allowed our contractors to compete for the job not only would it not cost one cent more to the country, but the vessel remaining here for a full month would be a four or five times better paying proposition than when the length of its stay is a mere three days; moreover, our workers would find employment for one, two or three months. You are aware, Mr. Speaker, that common interest demands that those engaged in ship construction and repairs should live near the dry dock, since a dry dock without expert workmen would be like a hospital without a doctor; if these men are not kept employed they must

look for work elsewhere. I do not say they will leave the country but they will go away in search of a living. It is one of navigation's essential needs, Mr. Speaker, that dry docks be properly supplied with material and labour.

But there is more than that. The other day when we were discussing the estimates of the Marine department, on an item of $35,000 being called, an item having to do with continuing the subsidies paid for salvaging equipment in the province of Quebec and in British Columbia, some hon. members asked the Minister of Marine what services had been rendered to navigation by the Quebec Salvage and Wrecking Co., which receives an annual grant of $25,000 from the Dominion government. Since nearly all the employees of this company come from my riding, and since the main artery of the company's operations is in the city of Lévis, on the south side of Quebec harbour, I know better than any other what signal service these people have rendered navigation along the entire course off the St. Lawrence. This company, which employs all the men I have just mentioned, has a very powerful equipment; I even venture to state that no other firm of the same character in the whole of the Dominion, on either the Atlantic or the Pacific coast, can compare with it in this respect. In order to keep this entire outfit under steam during the season of navigation, to be ready to respond instantly to a call for succour, to keep and pay regularly skilled salvage workers, the company is put to an expense far beyond its income; hence it would naturally operate at a heavy loss. It was to avoid this loss that the Marine department was asked to grant a subsidy. To show how well this company does its work I shall cite one instance which occurred in our district last December. On December 6th the steamer Airedale started down the river from Montreal; at Ile-aux-Coudres, just below Quebec, she ran ashore going at full speed. The underwriters got into touch immediately with the Quebec Salvage and Wrecking Co., and the latter lost no time in despatching a wrecking crew to the scene. But the company's equipment was not powerful enough for the work in hand; they had to call on the Marine department for help with boats and men. In passing I wish to congratulate the Minister of Marine on the fine work done by his department at the time. Mr. Speaker, in cold December weather when ice was beginning to form on the river these men succeeded in floating the vessel in four days: they started on December 10th; on December 15th the Airedale had been floated, brought to Quebec and put in dry dock. On December 17th, two days later, she left Quebec, reloaded with all her cargo. You readily grasp, Mr. Speaker, the importance to navigation of such assistance to ships in distress. You know that on the 1st of November each year, because of the approach of winter, the shipping underwriters charge a special rate not on vessels alone but on their cargoes as well. If, on account of neglect on the part of the government or shortsightedness in the Marine department, this ship had not been salvaged the insurance companies would have been obliged to pay the full value of the policies on the boat, which amounted to a considerable sum, and on the cargo besides. The insurance companies would have passed these charges along to all the goods shipped and all the boats leaving Quebec or the St. Lawrence after December, and the following year insurance rates would have been raised; and when an insurance company has once raised its rates you know what trouble it is to have rates reduced later to the old figure. As you can see by what happened in this particular instance, dry docks, salvage equipment, skilled labour, the Marine department, the lighting of the channel, the buoy service, dredging by the department of Public Works or of Marine, all form part of the one scheme of things, all have a share in making the St. Lawrence an inland waterway renowned for its safety in shipping circles the world over. I hope, Mr. Speaker, that next year the Minister of Marine will not be bothered so much when he asks for a renewal of this subsidy.

Increasing the safety of navigation on the St. Lawrence will do no harm to traffic on the lakes. If the insurance companies raise their rates on the St. Lawrence shippers in Quebec province will not be the only ones to suffer; the same higher rates will be levied on goods coming from Ontario via the lakes and on goods from the west. So when these gentlemen help to keep the St. Lawrence salvage service well equipped they are striving, like the rest of the country, to ensure favourable rates.

Mr. Speaker, among all the members from the Maritime provinces who have told the House of the evils that beset that part of the country only one pointed to any remedy. I am speaking of the hon. member for Pictou (Mr. Cantley). After explaining in detail just what industries are affected in his province, after an eloquent plea for his fellow-citizens, he indicated as a remedy the re-establishment at Moncton of the administration of the Intercolonial with the understanding that the railway would be maintained and operated in the interest of the Maritime prov-

inces and under the direction of high officials from those provinces, and he said: "That is what I demand, and what I will continue to demand as long as I sit in this House."

Well, Mr. Speaker, the hon. member's stand appears rather selfish to me. Of course the Intercolonial serves the Maritime provinces, but it also serves all the counties on the south shore from Montreal to Campbellton; and if there be two paying divisions on this railroad they are certainly those between Montreal and Levis and Levis and Campbellton. It is only in Quebec province that the railroad makes any profit at all; and I do not think it quite fair that the system should be operated solely for and by the Maritime provinces when it derives its revenue from the population of our province. Why is such a request made? The reason is not far to seek; certain members are evidently dissatisfied with the way patronage is exercised in their district. And I can quote the hon. member for Kings (Mr. J. A. Macdonald) who said that in his part of the country the only people employed are those recommended by the Liberal committee or the Liberal member, or ex-member, or the Liberal candidate. It is a pity the hon. gentleman doesn't come and see how things are where I come from; if he thinks he is on a red-hot gridiron he would find that I am not on a bed of roses. There things are just the opposite: patronage is in the hands of the Conservatives and is used for the sole advantage of Conservatives. Since October 29 last I have recommended people three or four times, not because they were Liberals but because they really were in need of earning the money; I would no sooner recommend a man than he would be discharged forthwith. So I wonder what it would profit these people from the Maritime provinces to do away with the staunch friends they have just now in the head offices of the railway. And since that is the way with patronage, Mr. Speaker, I wish you would come down to my riding and see some of the properties belonging to the Railway department. You would find a deep-sea wharf built by the Department of Public Works and later given over to the Intercolonial. I am certain that not $1,000 a year has been spent for the maintenance of this wharf, and if repairs are not undertaken immediately it will be carried away by the ice. You will say: But you should take the matter up with the railway board. The railway commissioners tell us: We cannot pay attention to the claims of members of parliament, particularly Liberal members: that would be patronage.

I do not see why we should not bring about a better understanding between the people of the Maritime provinces and the people of the province of Quebec. We are all anxious to ensure their full rights to these provinces; however, they should not try to trespass on the rights of their neighbours. I would be perfectly willing to have an Intercolonial Commission composed of representatives of the Maritimes and of one or two representatives from Quebec province in the interest of the south shore of the St. Lawrence from Montreal to Campbellton. But when it is suggested to establish one sole dictator at Moncton and to operate the Intercolonial for the exclusive benefit of the Maritime provinces, we claim that nothing of the sort was promised at the time of Confederation.

Nevertheless, I wish to congratulate the hon. member from Pictou (Mr. Cantley) on having had the courage—lacking in his colleagues from the Maritimes—to tell us frankly what he is after and what his constituents expect. We know that these gentlemen want the railroad administered for themselves and only by their own people, without consulting the other provinces. Not a very auspicious start, I'll admit, for negotiating an agreement between the Maritimes and Quebec, where the Intercolonial passes; but it is a start at any rate. However, Mr. Speaker, let me say that we of the province of Quebec will not allow ourselves—and our constituents would not stand for it if we were to countenance such a proceeding—to be swept aside in the administration of a public service which is absolutely essential to our trade. Mark you, I am not speaking of secession. During the election, last October, there was some mention made of secession in the Maritime provinces; this was badly received in Quebec. As a new member in this House I found that the following which appeared in the Halifax Herald of February 18th last was in very bad taste:

> The possibilities of commencing a secession movement in the Maritime provinces were to-day informally discussed by a handful of local businessmen, headed by Walter H. Tennant, a prominent manufacturer of this town. It was stated that a meeting to formally debate the topic would be called at an early date and Mr. Tennant was authorized to secure a speaker and arrange the details of the meeting.

Mr. Speaker, you know that during the period when the province of Quebec had most reason to complain of the treatment we received at the hands of those who governed us, nobody ever raised these cries of secession, because they were known to be too dangerous. If to-day it is sought to create a movement

along that line in the rest of the country and bring about a political divorce you can rest assured that Quebec will be against the divorce no matter what form it may take. Quebec will be the last province to separate from her sister provinces; but she will know how to safeguard her rights in their entirety, no matter what may happen.

Mr. SAMUEL CHARTERS (Peel): Mr. Speaker, at this stage of the debate and at this hour of the night I have no intention of delaying the House for more than a few minutes, and I rise only for the purpose of making an observation or two regarding matters directly affecting the people of the district from which I come. The greater number of the people in the county of Peel are engaged in what is called mixed farming in the widest sense of the term, in stock raising, grain growing, dairying, fruit and vegetable growing and other lines akin thereto. Others in the urban section are employed in the manufacture of boots and shoes, woollens, bricks and the growing of flowers.

These industries and occupations are all dependent for success on the home market, something that we hear very little about during this debate in comparison with other years. The value of the home market is well illustrated by three or four items which I wish to present. In one year, 1922, of all the food produced in the Dominion of Canada the following are the percentages consumed by the Canadian people:

	Per cent
Beef	96
Pork	93
Mutton	97
Butter	94
Eggs	98
Potatoes	97
Turnips	97

Other lines of vegetables, fruit and so on were consumed in the same proportions. The portion of the home market with which the people I represent are most directly concerned is that which consists of the cities of Toronto, Hamilton and all the adjacent towns and villages. Within a radius of forty-five to fifty miles there is an urban population of no less than 700,000 people, a population greater than that of Alberta, or Manitoba, or Nova Scotia, and almost equal to that of Saskatchewan, a population comprising one-twelfth of all the people of Canada. A district of that size surely deserves the consideration of the government and of membrs of parliament generally. In that area there are manufacturers of all kinds whose wants have to be supplied. They are supplied by the farmers of the surrounding districts. Any policy that retards progress in that section, that fails to promote prosperity in that urban district, injures very greatly the farmers of the surrounding country. It is contended, and not without a good deal of justification, that every one of the industries and occupations to which I have referred are injured to some extent because of the action or on account of the inaction of the present administration. For that reason there is no free trade sentiment in the county of Peel or the adjoining counties of Halton, Lincoln, Wellington and York or indeed from Kingston down to Niagara Falls, and there has been no free trade sentiment in my constituency for a number of years.

In the election of 1921 the opponents of the then government took the ground that the tariff was no longer an issue and that nothing was to be gained by discussing it. In the election contest of October last the candidate supporting the administration took exactly the same ground, stating not that the tariff was too high, but that in many cases it was much too low. I want to refer to one or two of his statements. Speaking at Erindale, where hon. members will probably recall the Prime Minister (Mr. Mackenzie King) made the second speech in the campaign, the candidate supporting the present administration made this reference to the tariff:

> The whole tariff on fruits and vegetables is absurd under present conditions, and if I am elected to parliament, I shall make every effort to secure the adjustment to prevent the flooding of our market with produce from the southern states at the same season when it is in direct competition with our own home-grown stuff.

Again speaking at Brampton on October 27 he said:

> The fruit and vegetable growers were entitled to something in the nature of a luxury tax, or something to keep out the fruit and vegetables that come here and take the taste out of the mouths of the people for their fruits in due season.

And again at Clarkson on October 20 he made this statement:

> I do not wish to deprive anyone of the right to their strawberries in January, or their peaches in May; but if they want them they should be prepared to pay a luxury tax on them. This may not be orthodox Liberal policy, but it is justice.

A similar position was taken by those supporting the candidate. By the way, six cabinet ministers, including the Prime Minister, paid a visit to the constituency, and others used influence in different directions. I took the ground that the tariff was not too high as applied to the industries that obtained in the county of Peel.

I said that these industries had been suffering because of conditions created by the government or because of something the gov-

ernment had left undone. The boot and shoe industry, which has two factories in that constituency, has suffered in common with the rest—not because the cut in the tariff was so very great, although it has been great enough to increase the importations in different lines, but because of the attitude of influential supporters of the government in relation to it. We are told on the one hand by one supporter of the administration that industries that cannot meet competition under a tariff of twenty per cent have no right to survive. Another one equally influential tells us that the boot and shoe industry is the next to be attacked by those who are opposed to the tariff and anxious to introduce a policy of free trade. The trouble is not so much what has been done as the threat that is being held over manufacturers of this line of goods.

It is also no longer denied that the action of the government has very seriously injured the woollen industry. Not only have mills been closed down and men driven out of employment, but many have been actually forced to go to another country in order to secure the work which they are denied in Canada. In addition to this the hope of many that out of and in connection with this industry a sheep industry would be developed that would be of great value to the farmers of Canada, has of course vanished.

We have in the county of Peel no fewer than six modern, well-equipped, brick-making plants, the success of which depends almost altogether upon the local market. When building operations are very dull, as they are at present in Toronto, and particularly so in Hamilton, these plants are of course not busy. Some of them are closed down at the present time; others are working on short time and with small staffs. The conditions in the larger towns and cities is illustrated by the condition that exists right here in the city of Ottawa. Hon. members may have noticed in the Ottawa Citizen the other morning a statement giving a comparison of the building permits issued during the first four months of 1925 with those issued in the same period of 1926. In 1925, in those four months 245 building permits were issued in Ottawa for buildings that cost a total of $1,260,709. In the same four months in 1926 the number of permits issued was 120 and the value of the buildings was estimated at $305,000. In other words, the number of permits was cut in two while the value of the buildings was one-quarter of what it was in the same period the year before.

Take the matter of dairy products, fruit and vegetables. I have no disposition to go over the ground which has already been so well covered, but I must observe that the district from which I come is greatly interested in both these lines, and the feeling of the people there is that a policy of protection is indispensable. Those who have studied the question, those whose living depends upon the proceeds of these industries, are firmly of the conviction that a good substantial tariff is essential if they are to succeed. They have no hesitation in saying that when any country raises its tariff 10, 15 or 25 per cent, it is the duty of this country and this government to increase the Canadian tariff by the same amount. We are not afraid to say that in the matter of dairy products, as well as in connection with fruit and vegetables, we are in favour of a brick for brick policy in order that we may be able to keep our market for our own people rather than divide it up with other countries who increase their tariffs to our disadvantage.

Let me now refer for a moment to the flower growing industry. One of the greatest flower growing centres on the American continent is the town of Brampton where there is a plant of some twenty-six acres all covered with glass. The industry at this moment employs more than 325 men and it is interesting to note that its consumption of coal last year was 14,000 tons. Now, if there is one commodity more than any other that is a luxury it is flowers, and surely if anyone finds it necessary to go out of this country to secure his requirements in this respect, he should be prepared to pay a duty. There are fifty-two other plants in Peel and the surrounding counties all of which afford employment to a large number of Canadian workmen. If people want to import flowers, is it not reasonable to expect them to pay a fair duty? What are the facts in relation to this business? A few years ago the American duty was 25 per cent on cut flowers and the Canadian duty 17½ per cent. Our producers secured some business in the cities of the United States, although their exports were not very considerable, but the moment they began to assume appreciable proportions the American government at once raised their tariff from 25 to 40 per cent and so shut out the Canadians. I made a personal appeal to Mr. Fielding when he was Minister of Finance, urging the case of our Canadian producers and asking that they be given treatment comparable to that extended to those engaged in the same business in the United States. I received a negative reply. The request was repeated to the present Minister of Finance (Mr. Robb) last year, when I pointed out that as a result of the duty on coal having been increased our Canadian flower growers

were still further handicapped. Coal is really the raw material of this industry, and when the duty was raised fifty cents a ton the result was an increase of $7,000 in the coal bill which this one concern I have mentioned had to foot. Surely, therefore, it was fair to request that the duty on American flowers coming into Canada should be increased in proportion to the tariff which the United States had imposed against this country. The answer the Minister of Finance gave was that no further increases in duties would be made that year. Perhaps he will be wiser this year, and as he is making some changes he may see his way clear to concede a wise and necessary adjustment in this regard. I repeat, if there is anything that is a luxury surely it is flowers, and if the people of Canada think it necessary to go outside Canada to get their flowers they should be prepared to pay a reasonable duty.

The question comes down to this: whether or not free trade is the goal to which the present government is striving. If it is then the government should have the courage to stand up and declare its policy and put it into force, giving the manufacturers and all others concerned an opportunity to test it.

The government should do this and take the consequences. On the other hand, if we are to maintain the principle of protection, then I contend, as we all in this House contend with the exception of twenty or thirty members, that there should be a tariff sufficiently high to protect the manufacturers, the workingmen and all other classes affected, giving them the right to the Canadian market first of all and enabling them to develop to the fullest their respective lines.

During the election campaign, and in this House three or four or five times in the course of the last parliament, the Prime Minister very wisely made the statement that until the finances of the country were in a more satisfactory condition even necessary public works would have to be denied as, in fact, they were being denied hon. members who were making applications to have various things undertaken by the government. That was a wise stand to take. Now I want to give two or three examples of the manner in which this policy announced by the Prime Minister has been carried out. There is in the county of Peel a property known as the Port Credit harbour. Fifty years ago there was considerable shipping there, grain and other commodities being handled. Changing conditions, however, have put the harbour out of business, and nothing has been done at this point in the way of shipping, no grain of any kind nor other commodities having been handled in the past thirty years. Every government for fifty years now has been appealed to, first of all to repair the harbour, then to restore it and finally to replace it; because, strange as it may appear, there is in reality no harbour now. Even the wharf has been allowed to disappear. That was the condition last year. All appeals made to previous governments have failed, but last summer while the election was on this government was approached for assistance for the harbour. The government looked upon the request kindly. They said that something must be done. They thought that here was a property that must be preserved and protected. The matter appeared to them so urgent that they could not wait until a government dredge could be brought to the mouth of the river and so they hired a dredge from the harbour commission in Toronto. It happened that a government dredge was operating at the same time in the Thames river in the county of Kent. That dredge was costing $216 a day while this other one secured from the city of Toronto was operating at a cost of $346 per day. The matter was so very urgent however that evidently the government thought they must have this dredge. Now on August 12 the bargain was entered into and the dredge was forwarded. It was to operate until such time as the harbour might be made capable of accommodating such shipping as might be available. I may observe that the election was in progress at the time the dredge was going full swing. The people who had been hoping for years that something would be done to improve the harbour were rejoicing when this work was started and they were informed that this was but a small evidence of what would be done if support were given the present government. Well, the dredge continued operations for twenty days at a total cost of $6,937 or, as I have said, $346 a day. At the end of that time, however, the dredge disappeared, having done its work in helping to influence the electors to support the government candidate. And that was the end of the matter. When the question was asked in this House, if the operations would be continued, the minister replied, "No, as dredging to meet present requirements completed last year." The "present requirements," of course, were of a political character. The minister probably knows nothing about conditions in the place where the property is situated. The facts are that this money was expended because, and only because, there was an election in progress. Further than that, the money was expended to no purpose. There was no value in it, there is no improvement in the harbour

property so far as shipping is concerned. I make the statement now that but for the fact that an election was on, and that Peel was a county that had not supported the Liberal party for many years and it was thought this would have an influence on the people, no dredge would have been sent in, and the expenditure of this money would not have been incurred. That is one case where the promise of the Prime Minister to practise economy has been broken. I do not need to stress the matter further.

Now let me give one more case. Within three or four miles of that place there is another property owned by the government, which is known as the Long Branch rifle ranges, and consists of 463 acres. It is under the control of the Department of National Defence, is within five or six miles of the city of Toronto, and is situated on the Toronto-Hamilton highway—perhaps the most extensively travelled roadway in Canada—is in a growing district, and is very valuable. For some years efforts have been made by real estate men and others to induce the government to sell the property, but without success. There had also been appeals made to the government to set aside a portion of the property for park purposes. The application was made by the township council, by the people of the village of Lakeview, also by the trustees of the public school board, but no response was received other than one of a negative character. Last year, however, just when the election was on the way, it was announced that the government had decided to give a 99-year lease for seven acres of this property to the township, and it was to be used for a park. Again, as at Port Credit, the band was out, a procession was formed, dancing and other celebrations were carried on to spread abroad the news of the wonderful work the government was doing in the interests of the county of Peel. That was just before the writs were issued.

It will be remembered that on September 5 the Prime Minister made his statement that the elections would be held on October 29. Three days afterwards, on September 8, the Prime Minister visited the townshhip in which this property is situated and addressed the electors. On the following day, that is to say on September 9, advertisements were published asking for tenders for the purchase of 26 acres of this same property, the tenders to be returned on September 25. It was very well known by everybody in the neighbourhood, and by many in the city of Toronto, that the placing of this property on the market at that time was for the purpose of allowing it to be secured by a very ardent, a very industrious, and a very capable supporter of the Liberal candidate. Three tenders were received. The first was from Abraham Swartz for $1,100 an acre; the second was from Hubbs & Hubbs for $1,200; and the third was from W. G. Harris for $1,351. The highest tender was not accepted, and Hubbs & Hubbs were allowed to change their tender from $1,200 to $1,525. They were given the property at that value, and it is in their possession at the present time. That is to say, 26 acres of as valuable property as can be found in the province of Ontario, outside the cities and larger towns, have been given to these men in the middle of an election campaign for $40,000. What happened subsequently? A short time afterwards the property was subdivided by the men in charge and was placed on the market at a valuation of $150,000. That is the price the government of this country was prepared to pay in order to secure support in a district within a few miles of Toronto. As a result of this transaction there is no doubt whatever that the government will lose a sum not less than $100,000. Why do I say that? Because the men who purchased it have placed it on the market at a valuation of $150,000. They make this comment in their advertisement:

> Lakeshore properties similar to Parkview have increased over 100 per cent in four years. Parkview will do the same or better.

Under such conditions as I have indicated there should be some explanation from the government, and there should be some better price paid for the property, although a transfer has probably been made by this time. On March 15 in answer to the question, "Is it the intention of the government to offer the remainder of the property for sale" —that is the rifle ranges property—the minister replied, "No." In the middle of an election campaign the government picked out 26 acres of the most valuable of the whole area of 463 acres. They put it on the market in order that friends and supporters might secure it at a tender lower than the other two, but they allowed their friends to change their tender after the other offers had been put in, and gave them this property under the conditions that I have explained. Surely, Mr. Speaker, it is time that attention should be drawn to matters of that kind. Now that it has been ventilated the House and the country will know what estimate to put on such transactions, and for that reason I do not intend to pursue this particular matter any further.

The Minister of Agriculture (Mr. Motherwell) is always ready to lend a helping hand if there is a brother in distress, especially about election time. The third of the ministers to employ public funds in order to assist the Liberal candidate in that election was the hon. gentleman who presides over the Department of Agriculture. Ten days before the election a grant was made by the department when nobody expected any such grant to be made; when in fact the grant had not even been passed by parliament. There is in the county of Peel an organization known as the Alfalfa Seed Growers' Association. Ten days before the election a cheque was received from the minister's department addressed to the funds of this organization. It was not handed to the treasurer and deposited as an ordinary cheque would be, but was passed around amongst interested individuals to allow them to know what good work the minister was ready to do. It was said the amount was very small, but it indicated the willingness of the minister to grant funds for election purposes in the county.

Mr. MOTHERWELL: Will my hon. friend give some authority for making the statement he has? It is the first I have ever heard of it.

Mr. CHARTERS: I suppose that is the way my hon. friend administers his department. There is no doubt about the facts. My hon. friend can verify them if he looks the matter up and will be able to unearth a cheque.

Mr. MOTHERWELL: There are grants going out to organizations every month in the year, and the grant to this organization must have gone in the usual way.

Mr. CHARTERS: This is the first time a cheque of that kind has ever reached the county of Peel in that way or in any other way from the department.

Mr. MOTHERWELL: My hon. friend will have to produce some evidence for his assertions.

Mr. CHARTERS: We will give you all the evidence you require.

Mr. MOTHERWELL: You have not given it yet.

Mr. CHARTERS: My hon. friend squirms, and I do not blame him for it.

Mr. MOTHERWELL: No squirming about it.

Mr. CHARTERS: It is time that he and other ministers of the crown devoted some attention to saving public money rather than squandering it.

Mr. MOTHERWELL: My hon. friend has made a statement that is false.

Mr. CHARTERS: I have already exceeded the time I intended to occupy, and I simply wish to say this in conclusion: The evidence I have given of these three transactions can be multiplied over and over again in the case of Canada as a whole. The acts are worthy of general condemnation, and if the opportunity is given, as it probably will be in a very short time, the people of the Dominion will express their feelings about such conduct as did the people of the county of Peel who were expected to be influenced by improper methods. The people of the county of Peel condemned the action of the government in the strongest possible way by giving the largest Conservative vote that has been recorded in the county for upwards of twenty-five years, and I have no doubt when the proper time comes the people of the Dominion as a whole will be equally emphatic in their condemnation.

Mr. A. P. CULLIGAN (Restigouche-Madawaska): Mr. Speaker, this is my first attempt to address this honourable House, and for that reason I crave the indulgence of hon. gentlemen. It is not my intention to speak at any length.

Before dealing with the budget, I shall refer to a few remarks made by the hon. member for Gloucester (Mr. Robichaud) during the debate on the Address. The remarks in question were uttered on February 1, and will be found on page 614 of Hansard. My hon. friend made reference to the "lumber lords" in the province of New Brunswick, and I have no doubt he included myself in that class, as I happen to be in the lumber business. I wish to point out to this House that I belong to the New Brunswick Lumbermen's Association and believe that I have attended every meeting of that body during the past year. I also wish to state that there was no promise made by the Hon. Mr. Baxter that he would favour the lumbermen provided they would support him. It is not necessary for me to speak of the depression that has existed in the lumber industry since 1921 and still continues. We as lumbermen in the province of New Brunswick felt we could not continue to operate unless we got some concessions in the way of cheaper stumpage. We appeared before the Veniot government on several oc-

casions and pointed out to them the absolute necessity of relief in the way of stumpage reduction; otherwise we would be obliged to curtail or close our lumber operations. At that time we were paying a stumpage of $4 per thousand feet as compared with our friends in Quebec paying $2.70. Not only that, but there is a difference from 15 to 18 per cent in the scale of logs in favour of Quebec operators, so that you will readily see that it was impossible for us to carry on and compete with our Quebec friends. It was not until a few weeks prior to the election, held on August 10, 1925, that the then Liberal government made a reduction in stumpage of $1 per thousand. Why was this done? Simply to try to swing the lumbermen into line, or at least part of them. After the announcement of the reduction of $1 per thousand the lumbermen met and talked the situation over. It was then that we all agreed to support the opposition, and we felt that since Hon. Mr. Baxter knew the deplorable condition that existed in the lumber market, if elected to power he would give such assistance as was necessary for us to carry on our operations, and also give employment to thousands of men who have no other way in our province of earning a livelihood and supporting their families. Not only that, but we all felt that it was high time to hurl from power the most extravagant and unbusinesslike government that ever held the reins of power in the province of New Brunswick. To convince you of these facts, all that it is necessary to do is to read over the financial statement of our province from 1917 to 1925, during the regime of the Liberal party, and one will readily see that the Liberal party have doubled the bonded debt of our province, and have nothing much to show for the huge increase in the public debt.

My hon. friend went further and stated that Mr. Baxter promised the lumber lords if he and his party were placed in power he would put a stop to the Grand Falls water power development that was so much talked of by the Liberal party. Now, I want to say frankly that no such promise was ever made by Mr. Baxter to the lumbermen. The facts are that the lumbermen, as well as all other classes, were anxious to see the Grand Falls power developed. Mr. Baxter and his supporters announced from every platform during the campaign that the development would be carried on, but not along the same lines as the Liberal party proposed; and I wish also to state to this House that the people of New Brunswick are very fortunate indeed that a change of government has taken place and to have such a capable man as the Hon. Mr. Baxter at the head of the government to develop our water powers, and also to carry on the business of our province in a business-like way. The government has now undertaken to develop the Grand Falls power without one cent of cost to our province. Had the Liberal party been returned to power and undertaken to develop the Grand Falls as outlined by the Liberal Premier, Mr. Veniot, to my mind our province would be in bankruptcy before many years. To convince you that what I am saying is true, all one needs is to read the history of the development of the Musquash power, which was carried on by the Liberal party in the province of New Brunswick. When the bill for this particular power came before the House it was stated that the cost would not exceed one and one-half million dollars. Up to to-day the Musquash development has cost our province close to four millions, and I understand there are still unpaid claims to the extent of some seven or eight hundred thousand dollars.

Just one word more with regard to the remarks of the hon. member for Gloucester. He stated that the bushmen were only receiving $1 per day for their labour during the past winter. I wish to state that this is not correct so far as Restigouche county is concerned. Wages paid in the camps in Restigouche county were from $30 to $40 per month. I want to state further that most of the men employed nowadays in the woods work either by the thousand feet or by the piece; and I can tell this House that in my own camps most of the men working in this way made as much as from $65 to $70 per month. It is absolutely necessary for them to earn this amount of wages in order to support their families.

The constituency I represent, Restigouche-Madawaska, is located on the border line separating the province of New Brunswick from the province of Quebec, and the activities of its people are largely taken up by fisheries and lumbering. It means that we are closely interested in freight rates and that the problems arising from this indicate matters are of extreme importance to us if we are to have a fair show in marketing our natural and industrial products in central Canada.

Although we are not very much interested in the reductions in the tariff in so far as they affect us directly, we are Canadians and as such we are anxious to see this country of ours and every section of it treated with fairness; and I might add right here that, in my humble opinion, the reductions in the duties on automobiles and automobile parts will not produce the relief that the hon. Minister of Finance (Mr. Robb) believes, but on the con-

trary they will endanger the very life of this industry, thereby affecting seriously the 35,000 men earning their living at it.

As a solace for the handicaps that the Maritime provinces are up against, the government has appointed a royal commisison to inquire into the Maritime rights. But this panacea has not in the past proved to be of much use. Royal commissions have cost the country considerable money, and in most cases their findings have been of no avail. The pulpwood commission is one case in point. This commission cost over $75,000 and was barren of results.

Maritime rights are a vital question in Canadian national life, and every unprejudiced man will agree that if this confederation is to be upheld, these rights must be respected and looked after with fair justice. Early and adequate action must be taken by the government, because there can be no prosperity for the Maritimes until the present conditions are corrected.

Will the royal commission appointed to inquire into the Maritime rights be a cure-all? I am afraid it will not! The order in council creating the commission defines its powers as follows: To make "an examination from a national standpoint of all the factors which affect the economic position of the inhabitants of the provinces in question" and "upon the result of such inquiry and examination there should be based specific recommendations which in the opinion of the commissioners would result in affording relief from the conditions complained of." But after all that has been written on this particular question of Maritime rights during the last two or three years, the government should be very familiar, if they are really in earnest to give help, with every aspect of the questions raised which have been fully debated in the press of the whole country. It seems to me, under present circumstances, that the action of the government in apointing a royal commission to look into Maritime rights was taken to gain time, and to evade the responsibility of deciding the course to be taken. All the matters coming under the investigating powers of the commission have been discussed time and again all over the country, in all their phases and bearings, and still no solution has been arrived at. Will the commission be in a better position than the government, with all the material they have in hand, to decide what course should be taken? I should say not! I am afraid that all this show is simply, once more, to pass away time and drag along the final settlement of this important question of Maritime rights.

The axis of political influence is decentered. With the new state of things, the older provinces, who are responsible for the building of the new provinces, have lost their control of the government. It is now from the west that comes the influencing hand. Since the election of the hon. the Prime Minister in Prince Albert, and the appointment of the hon. member for Regina (Mr. Dunning) as Minister of Railways and Canals, an altogether new direction has been given to Canadian politics by the government, which still claim that they maintain the Liberal principles, while actually they only sacrifice the interests of the country at large to snap the support of the Progressives.

Conclusive evidence is at hand that the present government is led by Progressive intrigues. Numerous proofs of it have been given since the opening of the present session. But it is not my intention to go into these details. I simply wished to mention them so that my name shall be on record on this question.

As one of the members from the Maritime provinces, and especially representing Restigouche-Madawaska, it is my duty to endorse all the legitimate claims made in favour of the eastern provinces and, further, to plead for my constituency. Public works were promised to the late member, Mr. Michaud, which have never been carried on. The county I represent deserves a little more rocognition and protection from the government. Promises were also made, I understand, to the late member that dredging would be done at Campbellton for harbour improvements. A dredge was to be sent to Campbellton last summer to commence the necessary dredging, but the people are still waiting for it. I do hope these promises will be fulfilled this coming summer. It is a case in point showing the way the present government fails to carry out its promises.

I need not stress further the claims of the Maritimes, and especially of Restigouche-Madawaska. Better informed speakers than myself have covered the ground fully and forcefully. I simply wished to express my views on the budget as submitted, so that the stand I shall take when the vote comes will be made clear.

On motion of Mr. MacLean (Prince) the debate was adjourned.

On motion of Mr. Motherwell the House adjourned at 11.20 p.m.

Monday, May 17, 1926

The House met at three o'clock.

PRIVATE BILLS

FIRST READINGS

Bill No. 111, to incorporate the Executive Council of the Free Methodist Church in Canada.—Mr. Ross (Kingston).

Bill No. 112, respecting certain patents owned by the Sealright Company, Inc.—Sir Henry Drayton.

SECOND READINGS

Bill No. 98, for the relief of Joseph Robert Crow.—Mr. Duff.

Bill No. 99, for the relief of Stanley Bennett.—Mr. Garland (Carleton).

Bill No. 100, for the relief of Katherine Landon Foley.—Sir Henry Drayton.

Bill No. 101, for the relief of Edith Annie Say.—Mr. White (Mount Royal).

Bill No. 102, for the relief of Isabella Stewart Carmichael Wilson.—Sir Henry Drayton.

Bill No. 103, for the relief of May Maud Mary Johnson.—Mr. Bell (Hamilton).

Bill No. 104, for the relief of Roland George Wickens.—Mr. Arthurs.

Bill No. 105, for the relief of Marjorie Durham Morgan.—Hon. Mr. Mewburn.

Bill No. 106, for the relief of Amber May Wolfenden.—Mr. Bothwell.

Bill No. 107, for the relief of Enda Beatrice Burley.—Mr. Hocken.

Bill No. 108, for the relief of Bessie Hyde Lanyon Calhoun.—Mr. Donaghy.

Bill No. 109, for the relief of Bleecker Foy Maidens.—Mr. Peck.

Bill No. 110, for the relief of George Almon Wickett.—Mr. Peck.

ROUYN RAILWAY BILL

On the Orders of the Day:

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): I notice in Hansard of Friday, that while I was absent, an inquiry was made by the hon. member for West York (Sir Henry Drayton) regarding papers relating to the Rouyn railway. I find that in the course of a day or two all the papers will be brought down on an order for return secured by the hon. member for North Timiskaming (Mr. O'Neill).

Sir HENRY DRAYTON (West York): This is a matter of great importance to the House and everything has already been made public through the Privy Council. It is now

weeks since the contract with Quebec was entered into and I can see no reason why it should not be now tabled. There can be no excuse.

Mr. DUNNING: I expect to table it in the course of a day or two.

PROPOSED NEW LINE TO PACIFIC

On the Orders of the Day:

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): On Friday last there was also an inquiry by the hon. member for Hants-Kings (Mr. Foster) with respect to a proposed new line to the Pacific coast. The department has no information with regard to it.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GOVERNMENT ELEVATORS

Mr. MANION:

1. Are negotiations in progress for the renting of the newly built government elevator at Prince Rupert to the wheat pool?

2. If so, on what terms?

3. Has any grain yet passed through the Prince Rupert elevator?

4. Have the government owned harbour board elevators at Vancouver been working to capacity in the past year?

5. How many bushels of grain passed through these elevators in 1925?

Hon. Mr. LAPOINTE:

1. The negotiations have been concluded.

2. Pursuant to an order in council of the 29th of April, 1926, the lease of the Prince Rupert elevator to the Alberta Co-operative Wheat Producers, of Calgary, was approved. The lease runs for a period of two years, from the 1st of August, 1926, for a nominal rental of $100 per annum, the Alberta Co-operative Wheat Producers Limited bearing all expenses in connection with the operation of the elevator, the said elevator to be operated in accordance with the provisions of the Canada Grain Act and the rules and regulations passed by the Board of Grain Commissioners for Canada.

3. No.

4. No.

5. Receipts, 19,148,932 bushels; shipments, 19,587,936 bushels.

AIR SERVICE

Mr. FAFARD:

1. What amount of money was spent by the Air Service in 1922-23-24-25?

2. What amount was spent in each province in the said years 1922-23-24-25?

3. What amount does the Air Service propose to spend in each province this year?

4. Is it the intention of the government to have the Air Service under the control of the Interior department?

Hon. Mr. MACDONALD:

1.

1921-22	$1,660,822 36
1922-23	1,066,578 21
1923-24	1,249,178 05
1924-25	1,377,328 10

Notes:

In 1922-23 British Columbia contributed	$20,000 00
In 1922-23 Ontario contributed	15,000 00
In 1923-24 Ontario contributed	36,772 25
In 1923-24 Quebec contributed	20,000 00
In 1923-24 British Columbia contributed	4,824 63

2.

Province	1921-1922	1922-1923	1923-1924	1924-1925
Ontario	$1,294,880 65	$753,162 65	$703,246 74	$742,014 00
Nova Scotia	41,872 28	24,321 21	38,408 58	19,413 28
Manitoba	93,711 23	118,629 66	120,575 13	147,648 91
Alberta	138,039 33	91,318 40	77,115 32	108,486 78
British Columbia	62,420 33	56,433 26	60,044 30	91,438 27
Quebec	29,848 54	22,713 03		
Unclassified			238,736 63	268,328 86

Notes:

In 1922-23 the government of British Columbia contributed	$20,000 00
In 1922-23 the government of Ontario contributed	15,000 00
In 1923-24 the government of Ontario contributed	36,772 25
In 1923-24 the government of Quebec contributed	20,000 00
In 1923-24 the government of British Columbia contributed	4,824 63

The unclassified expenditure cannot be determined by Provinces.

3. A committee on Civil Air Operations has recently been formed to advise the government on this subject, and the question of a programme for this and subsequent years is now under consideration.

4. No.

RED LAKE DISTRICT

Mr. FAFARD:

1. What amount has been spent by Interior department for survey and mapping of map entitled "Red Lake District"?

2. What amount was spent by Air Service branch?

3. How many square miles were surveyed in said district?

4. What was the cost per mile?

Hon. Mr. LAPOINTE:

1. $800.

2. $6,400.

3. 2,400 square miles.

4. Approximately $3 per square mile.

CANADIAN NATIONAL RAILWAYS—COAL PURCHASED

Mr. HUBBS:

1. Have the Canadian National Railways purchased any coal from the Coal Valley Company?

2. If so, what quantity, and were the officials of the Canadian National Railways satisfied with the results obtained from same?

Hon. Mr. DUNNING:

1. Yes.

2. (a) 1923, 64,960 net tons; 1924, 100,943 net tons; 1925, 143,036 net tons.

(b) If the management were not satisfied with this coal they would have discontinued its use.

Mr. HUBBS:

1. How many tons of American coal were purchased by the Canadian National Railways in 1925?

2. What were the names of the firm or firms from whom this coal was purchased?

Hon. Mr. DUNNING:

1. 2,971,706 net tons.

2. Bertha Consumers Company, Black Diamond Company, W. H. Bradford, Buffalo & Susquehanna Coal Co., Blue Diamond Coal Sales Co., Canadian Industrial Coal Co., Carver Coal Company, Century Coal Company, Conger Lehigh Coal Company, Carnegie Dock & Fuel Company, R. M. Davis Coal Company, J. K. Dering Coal Company, C. B. Devlin & Company, Eastern Fuel Company, Empire Coal Company, Glen Alum Fuel Company, Geo. Hall Coal & Shipping Corporation, M. A. Hanna Company, Percy Heilner & Son, Houston Coal Company, Hutchison Coal Company, Island Creek Company, Inland Coal & Dock Company, Light

Coal Mining Company, Logan County Coal Corporation, W. A. Marshall & Company, Middle West Coal Company, Milnes Coal Company, Moreland Coal Company, Magher Collieries, Munro-Warrier Coal & Coke Co., C. M. Moderwell & Company, Norfolk & Chesapeake Coal Co., Northern Coal & Dock Co., Pittsburg & Shawmut Coal Co., Pansy Coal Company, Punglove Coal Mining Company, Red Jacket Coal Company, Seneca Coal Mining Company, Service Fuel Company, Shawmut Coal & Coke Company, Sitnet Fuel Company, Smokeless Fuel Company, Thorne, Neale & Company, Valley Camp Coal Company, Geo. E. Warren Corporation, E. P. Weaver Coal Company, Whitney & Kemmerer, Winslow Coal Company, Youghiogheny & Ohio Coal Co.

PORT ARTHUR ELEVATOR

Mr. COOTE:

1. When was the government elevator at Port Arthur constructed and what was the total cost of same?
2. What is the total storage capaciy of said elevator?
3. What were the total receipts of this elevator during each of the past four years from (a) overages; (b) screenings; (c) drying of grain; (d) cleaning grain; and (e) all other sources?
4. What was the total expenditure in connection with the operation of this elevator during each of these years?

Hon. Mr. ROBB:

1. Cost up to February 28, 1926, $1,453,801.26, of which $90,000 is cost of site.
2. 3,250,000 bushels.
3.

	Overages	Screenings	Drying	Cleaning	All other Sources
	$	$	$	$	$
1921-22	47,085 62	2,794 92	40,263 68	30,899 52	300,269 01
1922-23	2,156 92	23,382 54	10,310 13	40,333 25	281,189 19
1923-24	23,134 07	32,272 87	1,478 34	69,197 44	340,890 55
1924-25	9,144 67	29,434 31	38,331 56	69,503 83	271,978 74

4.

1921-22	$121,305 19
1922-23	117,403 62
1923-24	138,185 05
1924-25	142,833 72

Note: Earnings in Answer No. 3 and Expenses in Answer No. 4 are for the elevator years ending July 31.

BOARD OF GRAIN COMMISSIONERS

Mr. COOTE:

What were the total receipts and expenditures of the Board of Grain Commissioners for each of the past five years?

Hon. Mr. ROBB:

Year	Receipts	Expenditures
1921-22	$1,937,323 03	$1,237,531 18
1922-23	2,364,037 48	1,460,511 69
1923-24	2,319,971 02	1,559,138 37
1924-25	2,322,765 79	1,470,145 56
1925-26	2,685,293 59	1,613,003 59
	$11,629,390 94	$7,340,330 39

The receipts for 1925-26 may be increased, as the books for the reception of refunds are not closed until about the 20th May.

STATISTICAL BRANCH

Mr. DOUCET:

1. What is the total number of employees in the Statistical branch?
2. What is the total amount of their salaries?
3. What is the cost of printing and publishing the various statistical reports?
4. What is the total revenue of the department on the sale of these publications, and what other source of revenue exists?

Hon. Mr. ROBB:

The total number of employees in the Dominion Bureau of Statistics was:

1. On April 30, 1926, 224.
2. For month of April, 1926, $25,533.
3. Fiscal year 1925-26, $99,217.
4. None. All revenue from the sale of government publications is received by the Department of Printing and Stationery. The Dominion Bureau of Statistics have no other source of revenue.

IMPORTATIONS OF SILK

Mr. DOUCET:

What quantities of velvet, velveteen, silk and plush velvets of not over 24 inches in width, and silk fabrics of not over 26 inches in width, have been imported into Canada: (a) from all countries, (b) from France, Italy and from each of the countries which benefit under the clause "the most favoured nations," for the fiscal years 1923-24, 1924-25, 1925-26, respectively?

Hon. Mr. ROBB:

No statistics are compiled showing importations of silks according to various widths.

BATTLEFORD GOVERNMENT LAND

Mr. DAVIS:

1. Has the land formerly occupied by the Royal Canadian Northwest Mounted Police at Battleford, Saskatchewan, been leased since the removal of the police?
2. If so, when, to whom, and at what rental?

3. Were tenders asked for or advertised for, and where?

4. What were the names of the tenderers and the rental offered in each case?

5. Has rental been paid for the use of this land, and if so, what amount?

Hon Mr. STEWART:

1. Yes, pasture has been leased.

2. Lease dates from 1st July, 1925, when R.C.M.P. vacated pasture, to Bernard Phillips, $220 annual rental.

3. Yes. By advertisements and posters under the direction of the agent of Dominion lands at Prince Albert.

4. Bernard Phillips; H. Barclay Bragg. Annual rental of $220 and $125 respectively.

5. Yes. $220.

Mr. DAVIS:

1. Has the hay land connected with the property of the Indian department at Battleford been leased since the industrial school was closed?

2. If so, to whom was it leased, and under what conditions?

3. Have these conditions been complied with?

Hon. Mr. STEWART:

It is presumed that the above question relates to the Indian industrial school lands situated in South Battleford, Saskatchewan.

1. Yes, most of the lands.

2. (a) The Saskatchewan Conference Association of Seventh Day Adventists. (b) For a term of fifteen years at a nominal rental of one cent per acre on the condition that the said association repairs and maintains the buildings to the satisfaction of the department.

3. Yes.

MR. J. C. BLANCHET

Mr. DOUCET:

1. Was Mr. J. C. Blanchet, of Chartierville, county of Compton, Quebec, appointed to any branch of the Customs department?

2. If so, at what date, on whose recommendation, and what salary?

Hon. Mr. BOIVIN:

1. Yes.

2. April 22, 1926, Civil Service Commission, $600 per annum. Reports from the collector and inspector concerning his qualifications for the position have now been received and the advisability of accepting the appointment is being further investigated.

BRANCH EXPERIMENTAL FARMS AND STATIONS

Mr. DOUCET:

What was the casual revenue from each of the branch experimental farms and stations during (a) 1924-25, and (b) 1925-26 to date?

Hon. Mr. MOTHERWELL:

Casual Revenue from Branch Experimental Farms and Stations to May 12, 1926

	1924-25	1925-26
Agassiz, B.C.	$ 8,552 55	$ 9,941 71
Brandon, Man.	5,084 36	5,027 01
Beaverlodge, Alta.	21 85	39 60
Cap Rouge, Que.	11,589 40	12,411 11
Charlottetown, P.E.I.	2,930 91	2,671 25
Fredericton, N.B.	6,435 56	6,898 27
Farnham, Que.	6,030 14	4,679 56
Harrow, Ont.	9,916 34	13,962 55
Indian Head, Sask.	1,258 18	2,613 33
Invermere, B.C.	1,140 73	1,700 69
Kapuskasing, Ont.	7,338 62	8,020 44
Kentville, N.S.	9,739 33	10,465 00
Lennoxville, Que.	4,578 68	7,557 67
Lacombe, Alta.	6,109 36	5,455 54
Lethbridge, Alta.	1,076 03	3,222 98
LaFerme, Que.	4,089 38	4,164 00
Morden, Man.	4,228 82	10,437 26
Nappan, N.S.	6,000 32	8,103 88
Rosthern, Sask.	2,217 45	5,274 22
Ste. Anne de la Pocatiere, Que.	3,863 70	7,891 44
Swift Current, Sask.	4,137 43	7,586 12
Summerland, B.C.	2,220 97	2,481 90
Sidney, B.C.	4,151 11	5,531 01
Scott, Sask.	2,479 85	5,728 20

DALHOUSIE PREVENTIVE SERVICE

Mr. CULLIGAN:

1. Was J. Edwin Cook of River Charlo, New Brunswick, a returned soldier, appointed by the Civil Service Commission to the position, special customs, grade 1, in the preventive service with headquarters at Dalhousie, New Brunswick, in the year 1925?

2. Was the said J. Edwin Cook ever ordered to report for duty? If not, why not?

3. Is it a fact that another person, A. Wallace of Dalhousie, New Brunswick, was subsequently appointed to this position? If so, on whose recommendation?

4. Is it a fact that the choice of the Civil Service Commission was rejected? If so, why?

5. If Wallace was appointed to the position, on whose recommendation was appointment made?

Hon. Mr. BOIVIN:

1. J. Edwin Cook of River Charlo, New Brunswick, was assigned by the Civil Service Commission to the position of special customs officer, grade 1, at Dalhousie, N.B.

2. No. Mr. Cook was not a resident of Dalhousie, N.B.

3. Yes. Mr. A. G. Wallace, the second candidate on the list, being a resident of Dalhousie was subsequently appointed.

4. Answered by No. 1.

5. Answered by No. 3.

STRIKE IN GREAT BRITAIN—PROTECTION OF CANADIAN WHEAT

Mr. CHURCH:

1. What steps are being taken by the government to safeguard Canadian wheat in view of the general British strike now continuing?

2. As a matter of emergency has arisen will the government provide some measure of protection to our wheat by either financing it or affording some sort of guarantee as to prices?

3. Has the government communicated with the banks, or the Canadian Bankers' Association, to come to the help of the grain dealers if the strike continues indefinitely, so that the farmers who grow wheat will not suffer?

Right Hon. Mr. MACKENZIE KING (Prime Minister): I think this question might be dropped. It relates to a strike that is happily ended.

Question dropped.

CANADIAN NATIONAL RAILWAYS—MONTREAL STREET RAILWAY PURCHASE

Mr. FOSTER:

1. Has the Canadian National Railways purchased the electric line running from about Moreau street to Bout de L'île, from the Montreal Tramway Company or one of its affiliated companies?

2. If so, for what purpose and for what price?

Hon. Mr. DUNNING:

1. Yes.

2. General railway purposes. The management considers it not in the public interest to publish price.

CANADIAN NATIONAL RAILWAYS—NOTE ISSUE

Mr. FOSTER:

1. Is it a fact that R. W. Pressprich and Company of New York are to-day offering $2,500,000—4 per cent notes due July, 1927, of the Canadian National Railways, guaranteed both as to principal and interest by the government of Canada?

2. If so, why should this offering not be handled through a Canadian institution?

Hon. Mr. DUNNING:

The management of Canadian National Railways has no information as to what securities R. W. Pressprich and Company are offering, but assume that the notes referred to are part of an issue of 20 million dollars of 4 per cent notes made and sold by the Canadian National Railways on July 1, 1924. If R. W. Pressprich and Company bought a block of these securities and are now offering them for sale the Canadian National Railways have no connection with the transaction.

MASSEY-HARRIS COMPANY

Mr. FOSTER:

1. Has the Massey-Harris Company, Limited, of Toronto, been granted supplementary letters patent, confirming a new by-law No. 00 recently adopted by the directors of the company?

[Mr. Davis.]

2. If so, is the government aware that the powers given under the said supplementary letters patent are very detrimental to the small shareholders?

Hon. Mr. LAPOINTE:

1. Supplementary letters patent dated the 1st of March, 1926, were granted to the Massey-Harris Company, Limited, for the purpose of converting the 250,000 shares of the capital stock of the company of the par value of $100 each into 125,000 cumulative preference shares of the par value of $100 each, and 125,000 common shares of the par value of $100 each. The supplementary letters patent in question were issued under section 34 of the Companies Act, and were based on a resolution of the shareholders of the company passed at a meeting held on the 13th of February, 1926.

2. No objection to the issue of the said letters patent was made by any shareholder of the Massey-Harris Company, Limited. The material on file shows that the resolution was sanctioned by more than two-thirds of the votes of the shareholders in person or by proxy cast at a special general meeting of the company duly called for considering the same. There is no information on the files of the department indicating the effect, detrimental or otherwise, to the small shareholders of the company.

ALBERTA HOMESTEADS

Mr. KENNEDY (Peace River):

1. What number of entries were made in the province of Alberta under the Dominion Lands Act during the period 1908 to March 31st, 1926, (a) pre-emptions, and (b) purchased homesteads?

2. What was the area of (a) pre-emptions and (b) purchased homesteads?

3. What was the gross revenue received from (a) pre-emptions and (b) purchased homesteads?

4. What amount of arrears is due on (a) principal and (b) interest?

Hon. Mr. STEWART (Edmonton):

1. (a) 12,449; (b) 1,919.

2. (a) 1,991,840 acres approximately; (b) 307,040 acres approximately.

3. (a) $5,432,681.98; (b) $1,027,431.63.

4. (a) Principal $1,439,821.55 approximately; interest $752,760.16 approximately; (b) principal $54,166.04 approximately; interest $25,833.75 approximately.

LEEDS VILLAGE—LYSTER MAIL DELIVERY

Mr. DOUCET:

1. Who has the contract for rural mail delivery between Leeds village and Lyster, in the county of Megantic, Quebec?

2. When was the contract last renewed?

3. Were any tenders asked for?

4. Were any complaints lodged with the department against the said contractor?

5. If so, what were the nature of said complaints?

6. What steps has the department taken in the matter?

Hon. Mr. LAPOINTE:

1. There is no contract for the performance of a rural mail delivery service between the points mentioned, but there is a contract for the carrying of mails between Leeds village post office and Lyster station post office—the contractor being Joseph Roy.
2. 31st March, 1926.
3. No.
4. No.
5 and 6.—See answer to No. 4.

QUESTION PASSED AS ORDER FOR RETURN

MILITIA TRAINING CAMPS

Mr. CHURCH:

1. Are any June or other training camps being held for the militia: (a) city units; (b) country and rural units; (c) permanent force?
2. If so, where, for what units, length of time, and how many officers and men?
3. What will be done this year for artillery units as to training?

UNOPPOSED MOTIONS FOR PAPERS

SPECIAL CUSTOMS PREVENTIVE OFFICER—DALHOUSIE, N.B.

Mr. CULLIGAN:

For a copy of all letters, telegrams, correspondence and other documents exchanged between the Civil Service Commission, the Department of Customs and Excise, and any other department or official thereof, relating to the appointment of a special preventive officer for the Department of Customs and Excise at Dalhousie, New Brunswick, in the year 1925 and since.

SCREENINGS

Hon. Mr. ROGERS:

For a copy of all orders in council, letters, telegrams and other documents relative to the purchase of screenings during the years 1917 to 1921, inclusive, along with a statement showing the firms from which the said screenings were purchased, the amount from each firm, the price paid, to whom sold, the amount to each firm and the price in each case.

THE BUDGET

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

The House resumed from Friday, May 14, the debate on the motion of Hon. J. A. Robb (Minister of Finance), that the Speaker do now leave the chair for the House to go into committee of Ways and Means and the proposed amendment thereto of Hon. R. J. Manion.

Mr. A. E. MacLEAN (Prince): When I moved the adjournment of the debate on Friday night, I did so in the hope that my hon. friend from Shelburne-Yarmouth (Mr. Hatfield) rather than myself would speak to-day, and I feel that the House would prefer to hear that hon. gentleman. I sincerely trust, however, that at some future time we may have the pleasure of hearing him. Now, inasmuch as only one side of the case has been presented from the province in which I have the honour to represent a constituency, and lest the people of that province in common with the members of this House should think that the representatives of Prince Edward Island are all of one opinion in regard to the budget which the Minister of Finance (Mr. Robb) has brought down on this occasion, I shall ask the indulgence of the House while I present the views of those people as I understand them. Before I proceed to discuss the budget, however, I beg to be allowed to welcome back to the House the Minister of Justice (Mr. Lapointe) who unfortunately has been absent through illness. I am sure that all sides, irrespective of party, are glad to see him once more in the House. I think I may also say on behalf of hon. members on this side that we shall all be only too pleased to welcome back, when he returns, the leader of the opposition (Mr. Meighen) who, I understand, has been slightly indisposed for the past few days. I for one admire our public men, whatever party they may represent. I have admiration for the leader of the opposition and respect for his followers, not only those who occupy the front benches but the members of that party generally. Naturally, too, I admire the members of my own party, and before I resume my seat I shall probably have something further to say on that point.

As it is always a pleasure for one to be able to bring good news, I think the position in which the Minister of Finance found himself on April 15, when he was able to present to the House the budget now under consideration, must have been very gratifying indeed. Not only must it have been a matter for congratulation on the part of the minister himself, but it must have afforded the people of this Dominion from coast to coast an unusual degree of satisfaction to have such a budget brought down in this parliament. Our friends opposite tried, of course, as one would naturally expect an opposition to do, to criticize the budget adversely but I think the House will agree with me when I say that this criticism has not been characterized by any note of seriousness. The tidings which the Minister of Finance was able to broadcast to the people of Canada a month ago were of such a character that they must have been received with enthusiasm by hon. gentlemen opposite themselves. When for some fancied reason people fear that some dreadful pall is hanging over them, that some dire calamity

is about to befall them, it is doubly gratifying to them to find that after all their fears were unfounded, that the storm that threatened has passed, and that the sun will shine with increasing brightness, dispelling the gloom.

Hon. gentlemen opposite, though perhaps unintentionally, have painted a gloomy picture to the people of Canada. They have tried to tell the people, or at least some of the people, that if this dreadful alliance between Progressives and Grits continued the country would certainly be ruined. Those hon. gentlemen must have been greatly disappointed when the Minister of Finance was able to show that the Dominion had been able not only to meet all obligations but to report a surplus of over $20,000,000, besides reducing the income tax and in other ways lightening the burden of the people. In view of this satisfactory condition of affairs, my task to-day is a comparatively easy one. I do not think it requires any special pleading to convince a man that it is easier for him to pay $30 instead of $100 in income tax, nor is it difficult to prove to him that he can much more readily afford an automobile which costs to-day $150 less than it did previously. I do not think, either, that it calls for any special pleading to convince the people of this country that the return to the two-cent postage rate will benefit them at the same time increasing the revenues of the country as we hope it will. Contrary to the views expressed by some of our friends across the way, I firmly believe we shall see an increase in the sales of automobiles, an increase in our postage revenue, and if not an increase at least a very slight falling off in our income tax revenue. Taking the revenue as a whole, I hope the next budget statement will show that the various reductions announced by the Minister of Finance this session have not materially affected it.

My good friend from Fort William (Mr. Manion) has moved an amendment to the budget. However its real intent may be camouflaged, I would draw your attention, Mr. Speaker, most emphatically to the fact that the hon. gentleman's amendment constitutes a direct vote against the budget in every particular. It is a direct vote against the reduction in the income tax; it is a direct vote against the reduction in the automobile duty; it is a direct vote against the return to penny postage; it is a direct vote against the wiping out of the receipt tax—in fact it is, I repeat, a direct vote against the budget as a whole. I do not think I need labour that point any further. Our friends opposite camouflage their opposition to the reduction in the automobile duties by saying: Leave that to the tariff board. I venture the assertion, Mr. Speaker, that if the tariff board has recommended such a reduction, our friends across the way would immediately have condemned the tariff board and declared: This is something that the government should handle themselves and not leave to the tariff or any other board. In a word, they would have found some excuse for voting against the budget.

Although these hon. gentlemen have to a certain extent opposed the legislation that has been brought down, such as the bill for the revaluation of soldier settlers' land, the old age pensions bill and the rural credits bill, I am certain that they will not have the courage to vote against the final passage of any of these measures. I think I am safe in saying that they will sit absolutely quiet and swallow every bit of legislation when it comes up for third reading.

Mr. MANION: May I ask my hon. friend who on this side of the House ever opposed the revaluation of soldier settlers' land?

Mr. MacLEAN (Prince): My hon. friend will remember that there was a great deal of criticism of this measure from his quarter of the House.

Mr. MANION: There was criticism as to method, but there was no opposition to the principle. My hon. friend is hedging now, that is all.

Mr. MacLEAN (Prince): I feel sure that in the course of a few days when the measures I have referred to come up for final disposition my prediction as to what will happen will be fully borne out.

Now, a great deal has been said by hon. gentlemen opposite about the pledges that they allege the Liberal government have broken during the past four years. We have been told that every pledge made to the people in 1921 has since been broken by the government. I take very strong exception to this allegation. In the 1921 election the big question before the electorate was: Will we be able to make revenue and expenditure meet? The Liberals said: Give us a chance and we will do it. They have accomplished this, as I shall show in a few minutes. They also promised to reduce the tariff on the implements of production. I submit, Sir, that this pledge has been fully redeemed. I remember quite well in the first two sessions of the last parliament hon. gentlemen opposite day after day taunted the government wtih having succeeded to office on the strength of these pledges: To reduce the tariff, and to make revenue and expenditure meet. We

were told that the government had accomplished nothing towards the redemption of these pledges, that they were standing still, in fact they were afraid to make a move to implement those promises. Immediately the tariff reductions were made our friends opposite changed their tune and declared that we had ruined every factory throughout the Dominion. I state most emphatically, Mr. Speaker, that the pledges made to the people in 1921 by the Liberal party have since been fulfilled by this government. We have made revenue and expenditure meet, we have reduced the tariff on implements of productoin, and also the duties on certain commodities. The ruin that our friends opposite predicted would follow reduction of the protection enjoyed by the manufacturers of agricultural implements did not follow; on the contrary, instead of driving our implement manufacturers out of business, their financial statements disclose that they have been making more money than they ever made under the former tariff. Our friends of the opposition are not now charging this government with doing nothing, they are not charging us with breaking our pledges, except in one particular. They claim that the Prime Minister pledged himself at the opening of parliament not to interfere with the tariff. Well, Sir, I do not think that the Speech from the Throne can be fairly construed as constituting such a pledge, nor do I agree that either the government or the Liberal party were in any way committed to the course suggested by our friends opposite.

Now, Mr. Speaker, I wish for a few minutes to deal with the financial condition of the country in an endeavour to prove to the House and to the people that we have met our pledges with respect to making revenue and expenditure meet. In this connection I propose to put a few figures on Hansard The gross national debt reached its peak in 1921. The public records show a reduction in 1925 of $84,000,000. The net national debt reached its peak in 1923. The public recards show a reduction of $4,698,116 for 1925, and a further reduction of $22,353,000 by this budget. In other words, there has been a reduction in the net debt of over $27,000,000. These figures are from the public records and can be verified by any hon. gentleman. They wil be found at page 46 of the Public Accounts. Sir, we have more than met that pledge to make the national revenues and expenditures balance, we have placed on the right side of the ledger a substantial surplus in reduction of the national debt.

But let me go a little further. Since confederation we have had only eleven surpluses totalling $101,000,000; of these this government has to its credit a total of $58,692,182, made up of three surpluses as follows: 1924, $35,993,593; 1925, $345,589; 1926, $22,353,000. This government has been able to show a surplus greater by $15,602,277 than the surpluses shown by all governments from confederation to the present day. That is a record of which we on this side of the House should be extremely proud. We have been twitted by hon. members opposite since 1921 with our supposed inability to make revenues and expenditures meet, but these records prove the contrary. I do not think we need more substantial evidence of the progress made by this government in meeting its obligations and keeping its promises in this regard.

It has been stated that a large portion of our expenditure is uncontrollable, and I think that is perfectly true. It is very hard under present conditions for any government to show a substantial reduction in yearly expenditures. We have such large amounts as our provincial subsidies, aggregating over $12,000,000; interest on war debt amounting to $167,000,000; interest on debts other than war debt of over $12,000,000; pensions of over $36,000,0000 and superannuations of over $1,600,000. These are fixed charges which no government can escape; so long as Canada is a self-governing country these obligations must be met yearly, and it is impossible to make any substantial reductions in these amounts. I could make further reference to these matters but I think it is not necessary, because I feel sure the people in general are quite aware that this government has made revenue and expenditure meet. Not only that, but it is substantially reducing the debt, and everyone knows that Canada has turned the corner so far as her financial obligations are concerned.

The hon. member for Fort William in his speech the other day attributed a great deal to Providence; he said that Providence had been kind to this government and that by the assistance of Providence they were able to show a surplus. If that is so, Mr. Speaker, I must say that Providence was very unkind to the last administration, because never in the history of the Dominion has such a continuation of deficits been rolled up as was done by the late government. I therefore think I am safe in saying that, if the surplus shown by this government is attributable to a kind Providence, that Providence was certainlv unkind to hon. members opposite when they were in office. On the other hand the hon. member said that Providence was kind to drunken men, and often took care of those in an intoxicated condition when they were not able to take care of themselves, alluding to the

present government. If that be so it would have been much better for this country if our friends opposite had become intoxicated in 1911 and remained in that condition until 1921. Our finances would have been in much better shape, because the situation was certainly serious when this government came into power and there has been nothing but improvement since then. When this government came into power in 1921 the estimates for the coming year were prepared and, I understand, were largely in excess of the revenue expected. So, if our friends had been returned to power, we would have had a continuation of those deficits which were rolled up in previous years. When hon. members opposite undertake to criticize this government on their financial showing, they do it with very poor justification.

The hon. member went further in speaking of the manufacturers, and said that he for one would be willing to pay his share of any increases in price necessary to keep the manufacturers in business. I suppose the manufacturers will have no objection to accepting money from hon. gentlemen across the way, but I venture to assert that these hon. members and the supporters of the Conservative party throughout the country will be just as willing to accept the benefits accruing from these reductions as will members and supporters of this party. If the hon. member for Fort William wished to contribute something to keep the manufacturers in business I suppose his contribution would be received, but I do not think he was serious in that suggestion.

The hon. member went still further, and said that this country had been treated by the United States as a customer who, having gone in to deal with a storekeeper, had been kicked out of the store. I take exception to that statement; the United States has not treated us in that way. I wish to point out to hon. members who may not fully understand the situation that we in the Maritime provinces are almost wholly dependent upon the United States for a market, and this statement applies especially to the people of Prince Edward Island. We are an agricultural province; we have no industries of any kind, and if this budget works an injury to some other provinces, I certainly do not see that it can possibly be injurious to Prince Edward Island. I do not understand how hon. members opposite representing that province can vote for the amendment, thereby voting against a reduction in the income tax; a reduction in the duty on automobiles; a reduction in postage; against the wiping out of the stamp tax on cheques and, in fact, against every other item contained in this budget. I do not see how they can do that and square themselves with the people of their province. That is none of my business, however, and I leave it to the hon. gentlemen and their own electors. They are able men, well qualified to judge the situation; they are fair men, and I give them credit for carrying out their convictions as they understand them. So far as I am concerned, I believe that this budget in every particular is beneficial to the people of the province of Prince Edward Island.

[Mr. A. E. MacLean.]

It was stated, and stated very emphatically, during the last election campaign, that this government was driving business out of the country, that it was ruining the industrial life of this country. I have a few figures here which I do not think bear out that statement. They show the prices at which the stocks of our leading banks sold in 1921 and 1925, as follows:

	Price 1921	Price 1925
Canadian Bank of Commerce	$184	$213
Dominion Bank	192	205
Imperial Bank	180	159
Bank of Montreal	205	259
Bank of Nova Scotia	251	275
Royal Bank of Canada	196	238

That does not look as if this government was driving the banks out of business at any rate. It does not look as if this government was hurting industry in this country. I have a few more figures here regarding the industrial situation, showing the prices realized for industrial bonds in 1921 and in 1925, as follows:

	Price 1921	Price 1925
Canada Cement	$54 00	$106 00
Hollinger Mines	7 35	14 95
Dominion Canners	27 00	134 00
Canadian Salt	62 00	152 00
City Dairy	76 00	88 00
Dominion Glass	55 00	107 00
Canadian Cottons	72 00	119 00
Steel Company of Canada	55 00	91 00
Dominion Bridge	69 00	101 00
Sherwin-Williams	90 00	125 00
Ontario Steel Products	53 00	68 00
Asbestos	44 00	89 00
Penman's Limited	95 00	159 00
Spanish River	54 00	100 00
Laurentide Paper	71 00	80 00
Tuckett's	40 00	65 00
Provincial Paper	94 00	101 00

Even the most sanguine broker could not hope for a better showing than those figures indicate in the prices of industrial securities. In a great many cases the prices have doubled and trebled as compared with 1921. So as far as the financial situation of our country is

concerned, I do not think hon. gentlemen opposite, by any special pleading, can prove to this country that any of our industries have been seriously affected, let alone driven out of business.

Coming to the tariff, I wish first to point out that the difference between the position of the farmer and the position of the manufacturer is very marked indeed; so much so, that there is really no comparison at all. The manufacturer, under protection, can set his own price. He can take the cost of production, add to that the cost of distribution, add insurance, add all taxes on his business, federal, provincial and municipal, including the sales tax, add the duty on the imported article, and to all these he can add a good substantial margin of profit, and then go out and sell his product in a protected market. The farmer, on the other hand, has to sell his product in open competition with the world. There is the comparison between the two, and when our friends across the way talk of protecting the farmer I think they are endeavouring, to say the least, to camouflage the situation. They are endeavouring to pave the way to lining up the farmers of this country in support of a high protective tariff all round, but I think I shall be able to show as I proceed that protection can be of very little use to the farmer when he has a large surplus to export.

Our friends from the Maritime provinces, a great many of them, have been elected on the question of Maritime rights. The provincial papers at that time said that these men were neither Liberal nor Conservative, but that they were supported by a large number of the independent people of the Maritime provinces as Maritime righters, and that they were going to be independent in their viewpoint. But I notice that our friends across the way from the province of Nova Scotia, since coming to this House, have not been very independent in their viewpoint. Whatever their attitude may be in the future, they have up to the present been very strong supporters of the Conservative party, and they have strongly advocated the principle of protection. That, of course, is their own affair. If the principle of protection is satisfactory to the people of Nova Scotia, if protection is essential to that province, our friends are no doubt doing right in supporting that principle, but representing as I do a constituency in the Maritimes which is altogether an agricultural and a fishing constituency, I cannot see how a high protective tariff can be of either direct or indirect benefit to that province or to my own constituency in particular. I do not wish to be considered an extremist in my tariff views. We realize in the province of Prince Edward Island that if we had free trade with the rest of the world, it would be of advantage to our little province in particular, but none of us has ever advocated that. We are big enough and broad-minded enough, I trust, to be willing to contribute our share of any protection that is needed for any legitimate industry in this country, and I think the people of that province, both Liberal and Conservative, will continue to maintain that attitude and be willing to pay their share to see that no industry shall suffer unduly from too radical reductions in the tariff. But we feel very strongly on this point: Where any industry is receiving a degree of protection which is out of all proportion to that which it should receive, our people are very, very strong in the contention that that protection should be brought down to a reasonable point which would allow the people of our province to import, if they wished to, these products at a reasonable figure, thereby contributing to the revenues of this country a certain proportion for the upkeep of the government, rather than allowing the whole amount of the protection to be turned into the coffers of the manufacturers. That is the attitude, I believe, of the people of the province of Prince Edward Island.

So far as the automobile industry is concerned, that is only one of the many which we thought was possibly receiving too high a protection, and that a reduction could be made. I have an article here on Maritime rights which appeared in the Canadian Annual Review this year. It was written by W. C. Milner, B.Sc., LL.D., and I should like to put an extract from it on Hansard. The author gives his view of the situation. I am not saying that I accept that view; I simply give it for what it is worth. The writer says that one-half or more of the people of the Maritimes are engaged in agriculture. For lack of markets this industry has practically made no progress in ten or even twenty years.

He goes on to state that there cannot be successful competition against the farmers of Ontario and Quebec in the Toronto and Montreal markets. I wish to emphasize that as a fact which we realize in the province of Prince Edward Island. We cannot compete with the farmers of Ontario and Quebec in their own markets, and it is absolutely impossible ever to think of doing so. The writer goes on to say that the list of articles produced in the Maritime provinces for which there is a demand in the central provinces is exceedingly small. Efforts have been made to extend west the demand for fresh as well

as for cured fish, but that demand has been exceedingly limited and the movement has virtually failed. Nova Scotia apples are in request, but on the other hand, the British Columbia product is retailed in nearly all the grocery stores of the Maritime provinces. New Brunswick ships certain commodities west, and Prince Edward Island has of late years developed a large egg trade with Montreal. The writer further states that there is a wide demand for the silver fox pelts of Prince Edward Island. He says that the coal industry has been regarded of late as the obstruction that hindered the progress of the Maritime provinces. He remarks that the coal areas are owned and operated by Montreal capitalists who, being human, work for their own profit while their expenditures are necessarily enormous. The local consumer complains that the price has advanced from $3.50 per ton delivered at Halifax twenty years ago to $12 a ton at the end of 1924. The expenses of every household have been raised as a result and the increase has added materially to the cost of living. A reliable mining man has furnished the following statement:

> The contention is made in the press that no increase in wages or cost of material warrants the advance, and demands are made for an investigation that will go to the root of the matter and ascertain the cost of mining and profits. If it costs the people $12 per ton to mine and deliver their own coal it is argued it would be more profitable to take off the duty, import cheaper American coal, and close our mines entirely. In other words the coal mines ought not to be a burden on the other industries of the country.

This writer has no doubt given considerable study to the matter. As I say, I am not endorsing his views, I am simply giving them as coming from a gentleman who has made a study of the subject.

4 p.m.

Mr. MACDOUGALL: Will the hon. gentleman name one mine in the province where the cost of coal is $12 at the pit mouth?

Mr. MacLEAN (Prince): In this case the price is given as $12 a ton delivered.

Mr. MACDOUGALL: You said it was the price at the pit's mouth.

Mr. MacLEAN (Prince): No, I did not say that. I said the price was $12 a ton delivered.

Mr. MACDOUGALL: Where?

Mr. MacLEAN (Prince): At Halifax. If there is anything in the contention advanced it would be worth while to have the subject looked into carefully in order to find the best possible remedy. Personally I would not for one moment advocate closing the mines in Nova Scotia; that is the last thing I would want to see done. May I repeat that we in our province are willing to contribute our share towards the maintenance of the industry, and if further protection is needed the subject should be given very careful consideration.

As I have already explained the exports from Prince Edward Island are largely of an agricultural character. These are supplemented by the harvest of the sea which includes all kinds of fish. But we cannot ship these commodities to central Canada, it is simply nonsense for us to talk about it. On Friday night the hon. member for Peel (Mr. Charters) gave a statement showing the percentages of certain farm products that are used in the Canadian home market. Let me say that the province of Prince Edward Island has no home market to consume its agricultural products. As regards the province of Nova Scotia, outside of a few carloads that are shipped from Prince Edward Island, the farmers of that province supply their own home market. Therefore Prince Edward Island is forced to sell its products in the world's markets in competition with the world at large. The potato trade of Prince Edward Island last year amounted to millions of dollars, but our producers are forced to ship those potatoes to the United States in the face of a duty of fifty cents per hundred pounds. In a poor year and with low prices that duty is paid by the Prince Edward Island farmers; there is no doubt in the world about that. This year happened to be an exceedingly good year for them, and our producers were able to make a profit. The year before the growers made no profit. What we need in Prince Edward Island is larger markets. May I suggest that one of the duties of the new Tariff Advisory Board should be to get in touch with the tariff commission of the United States in order to see if some arrangement could not be worked out whereby there could be an exchange of products between that country and Canada on a more equitable basis. I believe there is a big field for the tariff board in that direction. I do not think the people of the United States are so unreasonable as to refuse to give serious consideration to a proposal for a reduction in the duty when it can be demonstrated that it would be as much to their advantage as it would be to ours. The United States certainly needs our seed potatoes because over there, as a result of growing potatoes uninterruptedly for a number of years, the tuber is attacked by certain diseases before coming

to maturity. To such an extent have these diseases impaired the quality of the American potato that it cannot be used for seed purposes. The result is that nearly every year the United States is forced to come to Canada for a supply, and the seed potatoes of Prince Edward Island, being free from disease, are greatly in demand. These seed potatoes are put up in the most careful way and are closely inspected and certified to before being shipped. I believe that if the facts were made known in the right quarter we might look for a reasonable adjustment of the tariff. In my opinion the Tariff Advisory Board could take the question up with a likelihood that results of the most advantageous character would follow in the case of both countries.

Hon. gentlemen opposite have spoken during this debate on the desirability of increasing the raising of sheep and lambs in the interests of the farmer as well as of the wool industry. Many lambs and sheep are raised in Prince Edward Island and shipped to the United States notwithstanding the duty of $2 per head. This duty constitutes a very heavy handicap when it comes to shipping sheep or lambs, but the United States still is our best market.

The same thing is true all along the line. We have a large number of cheese factories in that province which are modern up-to-date establishments and our cheese grades as high as any on the market. It is shipped to Montreal and Great Britain where we receive full price for it so that we have no complaint against any other part of the country in that regard. A high duty on cheese coming into Canada would not affect the price fixed by the British market.

We have a fresh fish trade, a poultry trade and an egg trade and I will deal with the question of eggs later. The hon. member for Shelburne-Yarmouth (Mr. Hatfield) could deal with the export of fresh fish much better than I could, but in case he overlooks it I may say that our exports of fresh fish in 1925 to all countries of the world amounted to $9,736,925 of which our exports to the United States amounted to $9,305,782. In other words in 1925 all but $431,000 worth of our total exports of fresh fish went to the United States.

We have an important lobster trade in Prince Edward Island and a large quantity of canned lobster goes to Great Britain and other European countries as well as to the United States. But we have also a large live lobster trade with the States. We have also a considerable trade in fresh mackerel, halibut, cod and smelts. Smelts are allowed to enter the United States free of duty. The other day the hon. member for Fort William said that the United States kicked us out of their market, but this is one article alone that brings in a very large revenue to the fishermen of Prince Edward Island and the other Maritime provinces and the United States has not kicked us out with respect to it. There is a duty of two cents on mackerel, two cents on halibut and one cent on codfish entering the United States. Our hon. friends opposite would like to start a tariff war with the United States but that would be one of the worst calamities that could happen to the Maritime provinces and especially to Prince Edward Island. The moment you begin a tariff war with the United States and get into operation, this "brick for brick" policy which our hon. friends opposite have been talking about, you shut the people of the Maritime provinces out of the only market they have in the world for their products. We are compelled to sell to the United States; we cannot reach any other market, and I for one do not wish to see any tariff war begun with the United States in connection with any of these articles. I do not think I need labour these points further.

I have in my hand a clipping which I think is of interest, if not to this House, to the province which I represent. Shortly before the opening of the present session of the legislature of Prince Edward Island the government of that province sent a representative to the British West Indies to look into trade conditions there. This was a mission similar to that undertaken last year by the former member for Cumberland, Mr. Hance Logan. Mr. Harvey McEwen, who is a member of the executive of the Conservative government of Prince Edward Island and a very strong supporter of the Conservative party, spent some time viewing trade conditions in the West Indies in the hope of benefiting trade between Prince Edward Island and the West Indies. Speaking in the local legislature on his return, he made this statement after reviewing his experiences in the West Indies:

> Touching on provincial claims, Mr. McEwen said that one of our biggest claims is that we did not benefit by the protective tariff as they have done in other parts of Canada. Neither the Liberal or the Conservative party can adopt a policy that best suits all Canada, that is going to suit the Maritime provinces equally as other parts of the Dominion.
>
> Transportation does not tell the whole story. The transportation this province wants are lower railway rates to Halifax and St. John, so that we can put our stuff on board the ships at these ports. It is an impossibility to send our produce to Upper Canada. They don't want it, and lower rates on the Canadian

National railway, is simply making it easier for them to send their stuff down here. We might save a little on the freight we have to pay on their goods, that is all. In nine years out of ten they have enough for themselves. They don't want our cheese, our butter, our eggs, or fish, etc.

They want the Maritime provinces to hunt up their own markets, while they take the pure gold and spend it there.

He then went on to give a further review of his trip. No Liberal member could express the views of the Liberals of Prince Edward Island better than Mr. McEwen did in the statement I quoted. Those are the facts of the case and I am glad to see our Conservative friends as well as our Liberal friends appreciate the situation. A few minutes ago I referred to the subsidy which the leader of the opposition (Mr. Meighen) suggested he might give in ease of freight rates as a compensation to the Maritime provinces. Here we have the statement by one of the right hon. gentleman's own followers that he cannot see how a subsidy to the Canadian National system or any other Canadian railway system would be of any benefit to the shipment of the products of the Maritimes to the central provinces.

I wish to say a few words in regard to the tariff which will always be a live question in this country. I notice that the Montreal Star on October 7, 1925, gave a report of a conference held at Washington of representatives from all countries in the world with regard to interprovincial trade and trade throughout the world in general. At that conference the following resolution was passed:

A resolution calling for abolition or diminution of present customs barriers between nations was adopted at the closing session of the inter-parliamentary union here to-day. The resolution, which was introduced by Adolph Braun of the German delegation, calls for the appointment of subcommittee to draw up a plan. It was passed without opposition.

In that resolution we can see the trend of the nations of the world in regard to the tariff question, and I believe instead of a gradual increase in tariff duties, the time is not far distant when the countries of the world will realize that it is to the benefit of all concerned to have freer trade and will attempt to abolish or to reduce to a certain extent some of those tariffs which at the present time are certainly heavy obstacles in the way of trade. In discussing the reduction in the duty on agricultural implements, hon. gentlemen opposite have been quoting comparative prices of 1921 and 1925 respectively. That, I submit, is absolutely unfair. Everyone knows that there was no reduction in the duty either in 1921 or 1922. The reduction did not take place until 1924 and it was not effective until the beginning of the implement season of 1924. So that the only fair comparison that can be drawn in discussing prices is between the seasons of 1924 and 1925. There is no doubt in the world that prices increased between the years 1921 and 1924 and they might have gone on increasing still had the duty not been reduced; for the manufacturers of agricultural implements will continue to take every advantage of the tariff so long as that privilege remains open to them. And they had that privilege until the year 1924.

I have here a report of an industrial commission appointed by the provincial government of Ontario, a government which nobody will think of accusing of having shown any Liberal tendencies. The members of the commission were asked to investigate all phases of the subject, not confining their attention to agricultural implements but taking into consideration industry generally throughout the province. Their report shows a substantial reduction in the prices of implements between 1924 and 1925. The list is of considerable length, covering every article of use to the farmer. It shows—to mention one or two examples—a reduction of $23 on binders, $23 on corn binders, $21 on double disc harrows, and so forth, right down the column.

Mr. MANION: When were the reductions made on implements?

Mr. MacLEAN (Prince): They became effective in 1924.

Mr. MANION: They were made in 1923.

Mr. ROBB: No, 1924.

Mr. MacLEAN (Prince): This list of reductions is illuminating, and is all the more valuable in view of the source from which it comes. It has not been prepared either by the manufacturers themselves or by any Liberal newspaper or Liberal interests; it comes from the government of the province of Ontario as a part of the findings of an independent commission appointed by that government to look into the question in all its ramifications. I repeat, when hon. gentlemen compare prices as they were in 1921 with prices in 1925 they are treating the subject altogether unfairly. We know very well that the manufacturers will exact to the last ounce their pound of flesh, and the fact is that they kept increasing their prices so long as they enjoyed protection; but immediately the duty was reduced, prices came down. Now, the same thing will happen in connection with the automobile industry.

With the permission of the House I desire to incorporate this list in Hansard report.

	1924	1925
6 ft. binder	$222 00	$199 00
5 ft. standard mower	87 00	80 00
Corn binder	223 00	200 00
9 ft. Tiger rake	46 00	42 00
Side delivery rake and hay tedder	119 00	115 00
Rake bar loader, 6 ft.	132 00	121 00
9 ft. 27-roller	81 00	78 00
No. 7, 13-disc drill, 6 in. spacing	145 00	137 00
No. 4, 13-disc drill, 7 in. spacing	146 00	140 00
No. 4, 13-hoe drill	135 00	131 00
No. 5, 13-disc drill	180 00	163 00
No. 5, 13-hoe drill	167 00	156 00
13-tooth broadcast seeder	114 50	102 00
No. 2, spreader	173 00	163 00
Corn planter	92 00	83 00
No. 2, corn cultivator	70 00	67 00
No. 5, corn cultivator, 2-row	95 00	88 00
No. 3, 13-tooth Champion cultivator	76 00	69 00
No. 1, 9-tooth Climax cultivator	89 00	82 00
No. 1, 13-tooth Climax cultivator	103 00	98 00
17-tooth Champion cultivator, power lift and engine hitch	110 00	98 00
No. 3, 12 x 16, disc harrow	54 00	49 00
No. 4, 12 x 16, disc harrow	44 00	42 00
Double disc harrow, No. 1, 12 x 16, and No. 4, 14 x 16	101 00	80 00
No. 16, scuffler	13 00	12 00
16-tooth springtooth harrow, 1½ in., steel frame	17 00	15 50
Diamond harrow sections	6 00	5 00
Scotch clip harrow sections, 20-tooth, ½ in. bar	7 25	6 50
Lever harrow sections	13 50	12 00
17-tooth lever spring tooth harrow	34 00	31 00
Harrow carts	16 00	15 00
Weeders, 8 ft.	18 00	25 00
Double hopper pulper	22 50	21 00
Wheelbarrow	7 00	7 00
No. 80, tractor plough, 10 x 12 in.	105 00	95 00
Beaver gang	97 00	85 00
Ontario footlift gang	120 00	110 00
Ontario footlift sulky	84 00	74 00
Beaver sulky	64 00	59 00
Maple Leaf gang	54 00	50 00
No. 21, plough	21 00	19 00
No. 4 gear, 3½ in. x 2½ in.	107 00	96 00

In the last parliament our good friend from Brantford, Mr. Raymond, asked the leader of the opposition (Mr. Meighen) a question which I want to bring to the attention of the House, in this connection. On June 2, 1925, at page 3958 of Hansard, there appears the following:

Mr. Raymond: The hon. member has referred to the industry of Brantford. If he were successful in the coming general election, would he raise the duty on agricultural implements to the figure it was at when he left office?

Mr. Meighen Undoubtedly I would, and I say so unhesitatingly. Will the hon. member support this resolution now? I hope the hon. member will support it.

Mr. Raymond: I cannot say that that will lead me to support it.

That reveals the attitude which our friends opposite took at that time, and had they been returned to power there is no doubt whatever that the country would have had to submit to an increased duty because we have in the passage I have just quoted the undertaking of the leader of the opposition on the question. I am glad to say however that this party is still in power. Hon. gentlemen will have observed that, according to their financial reports of the past year, the manufacturers of agricultural implements were able in spite of the reduction to produce at a profit. Last year was one of the best seasons they have had in their history. And in connection with the automobile industry it is noteworthy that at the present time the reports show that the sales of cars are increasing. In other words, the manufacturers are beginning to adjust themselves to the reduction in the duty and they realize that as a result of that reduction there will be an increase in business inasmuch as the people will be better able to afford cars than they were before.

I do not think it would be difficult to discover the reason for the Conservative party's failure in the last election. Our friends the Manufacturers' Association held a meeting in Montreal some time in the fall of 1924 when they passed resolutions, the general effect of which was that the Conservative party did not succeed in 1921 was that the manufacturers did not realize the full significance of the situation and so did not make any efforts to influence the people to support the Conservative party. The Manufacturers' Association at that time were evidently confident that the Liberal party would not reduce the duties, and therefore they did not take any active part in the campaign. If that is true we can readily see just what the vote of the people will be if they are left to themselves. We know as a matter of history that the country was decidedly Liberal, or at any rate anti-Conservative, in 1921, and in my opinion the explanation is that they were allowed to cast a free and independent vote. In the last election, on the contrary, every effort I believe was made by the Manufacturers' Association throughout the country to help the Conservatives to get back into office in order that the manufacturers might remain safe behind the ramparts of gold which the leader of the opposition at one time condemned.

As regards the duty on automobiles, perhaps I might emphasize its effect by suggesting an analogy. Suppose some corporation came to this House and asked for a charter giving them power to employ as many as 10,000 hands and to tax the people of Canada to the extent of $14,000,000 to pay the wages

of those hands, with the additional power to tax the people to the tune of an extra $5,000,000 which the corporation might lay aside for the purpose of paying dividends to their shareholders, nearly all of whom lived abroad. Now how many members on either side of this House would support a proposition of that kind? There is not an hon. member on either side who would vote for it and go back and face his own constituents. Yet that is exactly what our automobile friends are asking this House to do. They are asking for precisely the same power, in a different form, as this hypothetical corporation demanded. I believe that with $20 on every hundred dollars' worth which the automobile manufacturers turn out they ought to be able to take care of themselves. If for every $100 they produce they are given a preference to the extent of $20, that is in my opinion good treatment; while on cars over $1,200, if they have a protection of 27½ per cent, they are undoubtedly enjoying a safe margin to operate on. I do not think our good friends across the way need lose any sleep over the automobile manufacturers. Certainly this budget is not designed to hurt the industry. The very fact that 50 per cent of the car has to be manufactured in Canada should be a splendid help to the employees rather than a hindrance. We all know that our automobile manufacturers have the advantage of the British preference in exporting to the old country and to British possessions under treaties and this budget in effect tells our motor manufacturers: You must give the men employed in your industries more work, you must manufacture 50 per cent of your cars in Canada in order to receive certain drawbacks and also certain export privileges. No hon. gentleman in any part of the House can object to giving more work to the men engaged in our automobile factories and we all know that the manufacture of 50 per cent of the car in Canada means more work for Canadians. I feel sure that when this matter is properly adjusted the results will be entirely satisfactory to those concerned as United States manufacturers cannot get in those preferred markets except through the Canadian channels set forth in this budget. My good friend from Toronto West Centre (Mr. Hocken) has drawn our attention to the fact that Mr. Ford has made an enormous amount of money under the Canadian tariff, all within a comparatively short period. Well, this indicates that there is something absolutely wrong with the protective system, and it seems to me that Mr. Ford might very well be satisfied with a little less profit. But he has always proved that the lower the price of his cars the greater the sales, and it is quite likely that the larger turnover which he is already enjoying as a result of the reduction in the tariff duty will enable him to maintain the rate of dividends that he has hitherto been able to distribute to his shareholders. I think it is clear to all that the automobile industry will be very well able to take care of itself under the budget.

As I have said before, Mr. Speaker, my good friends on the opposite side who represent ridings in the province which I also have the honour to represent have the interest of the island at heart, and I know they are anxious to do their very best on its behalf, even if it entails the sacrifice of political prestige. Therefore I cannot see how they can very well support the amendment moved by the hon. member for Fort William, which, I repeat, is a direct vote against the reduction of the income tax, against the reduction of the duty on automobiles, against the reduction in postage, and against the abolition of the receipt tax. Indeed, it is almost a direct vote against the reduction of the national debt.

Mr. MANION: Mr. Speaker, the hon. gentleman has made that statement two or three times. I should like to point out that my amendment is distinctly a criticism of the government for not making a thorough examination before changing the tariff, and for that alone.

Mr. MacLEAN (Prince): No doubt my hon. friend and his colleagues are quite willing to camouflage the situation, but however much as they may try to conceal the real intent of the amendment, the statement I have made is absolutely correct. It is a direct vote against every proposal in this budget. If not, the amendment should have been specific as to what parts of the budget the opposition approved and what parts they objected to.

Mr. MANION: Should we not have said that we have confidence in this government!

An hon. MEMBER: Surely.

Mr. MacLEAN (Prince): My hon. friend might do far worse than that.

Mr. MANION: Impossible!

Mr. ROGERS: We do not really know what the budget proposals are; they have not all been stated yet.

Mr. MacLEAN (Prince): As the hon. Minister of Finance remarked last week, whatever changes may be made, the budget will continue to be a truly Liberal one and also very popular.

Now, the question of agricultural imports and exports has been gone into pretty fully by a number of hon. members, but as our friends opposite are featuring it very strongly this session I wish to present a few figures to the House. It is only very recently that our friends of the opposition have been shedding tears of sympathy for our farmers. Although they were in power from 1911 to 1921, during all those years we did not hear very much from them about the needs of our farmers. We all remember the Conservative campaign cry of 1911: No truck or trade with the Yankees. Well, soon after our friends came into power we find that the largest importation of eggs in our history took place—not all from the United States possibly, but the volume was tremendous. In 1913 we imported no less than 13,158,538 dozen. In 1914 we imported practically a similar amount. Eggs continued to come into this country in large quantities right down to 1921. All through those years our friends were not shedding crocodile tears over the woes of our farmers, in fact they never moved a hand to prevent this gross injustice, as they now term the importation of eggs and dairy produce. I submit it is rather late in the day for the opposition now to try to make the farmers of Canada believe that they are their friends. As has been pointed out time and again, when we have a surplus of products protection cannot be of any benefit to our producers. Take silver fox furs. In my province it is a large item of business and we used to enjoy a splendid trade with the United States. Then the government of that country put on a duty of 50 per cent and shut us out of the American market completely. Will any of my hon. friends opposite say that our silver fox breeders would have been benefited by a retaliatory duty of 50 per cent on similar furs coming from the United States? The proposal would have been absolutely foolish, for it would not increase the price of silver fox furs in the Dominion by a fraction of a cent. The same argument holds good all along the line. We have a poultry association in the island which last season handled about $400,000 worth of eggs. In their report they state that $26,000 worth of those eggs was shipped into the United States, also a large quantity of dressed and live poultry. A duty on these articles would have no effect and would give no benefit to the Maritime provinces in any conceivable way, so the question of the import and export of agricultural products between the countries of the world is one which I really do not think our farmers will take seriously. I am sure that if the tariff board now constituted believe it to be in the interests of the farmers of Canada to have protection on certain articles, they will not be slow to recommend it, and I think this government would take that recommendation into consideration. No one is more ready to accept such a recommendation than I, and no one is more ready to see the farmers and fishermen of this country receive some benefit, but until I am shown that that benefit will be derived I do not think it wise to start a tariff war with the United States in which we may perhaps lose some of the benefits we already enjoy.

The question of the Hudson Bay railway is too large to go into at the moment. I was opposed to the construction of this railway until a delegation came to Ottawa last session, and until I saw some photographs showing the work from start to finish; I was then convinced that that road should be completed. I believe both parties are committed to it; I notice that hon. gentlemen on both sides of the House have so expressed themselves, so I do not think it is a party question. The honour of the Dominion is at stake; we should complete this road, for which we are led to believe certain lands were reserved, and some sold, the resulting funds being earmarked for the construction of this railway. If this is the case we should go ahead and complete the ninety-two miles still to be constructed. I must say, however, that as a Maritime man I can never be convinced, that this will be a successful grain-carrying route, or that it can be used for the export of cattle, as the hon. member for Marquette (Mr. Mullins) suggests. But if there are minerals, fish, timber, lumber and pulp wood in that country we should complete the road and give those people a chance to transport these products. This will help increase the wealth of our Dominion, and I think it is only justice to the people of the west who have been hoping for this road for so long. The photographs which were shown in this building revealed that a work of great magnitude has been constructed at the bay. When we see a steel bridge a mile long extending from the shore to an island to form part of the harbour; when we see the tremendous equipment, the steel bridges built over every stream and river, the grading all done and everything ready for the rails to link up the work at the bay with the rest

of the road, we should not hesitate one moment. Every member of this House should support the proposition, see that the work goes ahead, then wait for further developments as to the feasibility of carrying grain before further expenditures are made. That is my attitude, and if that route can be made feasible no Canadian will oppose the further development of the port, if it is to be a benefit to the country as a whole.

In dealing with the question of the potato trade of Prince Edward Island there is just one little feature I would like to point out. A couple of years ago the railway management decided to close a small station near my home because of the lack of business; the station had fallen below the margin of business required for a booking station. We took up the matter with the management and pleaded with them to let the station remain open for another year to see what would develop. I wish to put on Hansard what the potato trade of that province will do if given a chance, not only for the farmers of the country but for the Canadian National Railways as well. In 1922 the earnings at that station had fallen below $5,000, and the freight moved was only slightly more than 1,000 tons; in 1923 the earnings were $6,700 and the tonnage about the same; in 1924 the earnings had increased to $9,800 and the tonnage to 2,100 tons, while in the year ending April, 1925, the earnings had increased to $23,370. That is what this country, given a chance, will do for the Canadian National Railways and for the farmers of the province, and I ask this House to do everything possible to assist that industry. The farmers and potato growers there are forced to build their own potato warehouses; it is impossible to ship out the tremendous crop in the fall, so frost-proof warehouses must be constructed at a station, and under the present arrangement the Canadian National Railways will not put in a siding to these warehouses unless they receive full payment for such construction. These sidings cost from $1,000 up, and it will readily be seen that a couple of farmers joining together and building a potato warehouse costing from $5,000 to $8,000 will have a heavy additional expense in building a siding which may cost from $1,000 to $2,000. I would like the Canadian National system to take this matter into consideration and see if some scheme cannot be arranged by which sidings may be built to accommodate these potato shippers. I venture to say that the cars going over every new siding will increase in number from year to year, and will show a revenue to the railway. If some plan could be worked out whereby a bonus would be given on each car of freight to be applied to pay for siding accommodation, or some similar system for the benefit of the farmers and potato growers, it would not only benefit that particular class, but the country as a whole.

I wish to thank the Minister of Agriculture (Mr. Motherwell) although he is not in his seat, for the splendid assistance he gave in making Prince Edward Island a disease-free area, a statement of the cost of which I would like to put on Hansard. Our products are now shipped to the markets of the world labelled as dairy products from a disease-free area, and I am pleased to be able to state that we are receiving the benefit of this work through an enhanced price for our products. With the permission of the House, I should like to put this table on Hansard. The total cost for covering the whole province was only $57,000 approximately, and the results have been wonderful. The local government have done their share, and I wish to express the appreciation which the farmers of the country feel for their action in endeavouring to put this thing over. The table is as follows:

Prince Edward Island Restricted Area

	Cattle tested	Reactors	Compensation
First test Aug.—Nov., 1925..	94,772	561	$14,194 06
Sixth day retest—Dec., 1925.. Jan., 1926.	3,155	3	116 00
			$14,310 06
Salaries, first test..			$17,818 72
Salaries, retest..			2,353 32
			$20,172 04
Expenses, first test..			$13,155 94
Expenses, retest..			1,751 39
			$14,907 33
Tuberculin, first test..			$ 5,212 45
Tuberculin, retest..			173 50
			$ 5,385 95
Eartags..			$ 2,716 65
			$57,492 03

We have heard a great deal from our friends opposite to the effect that they always stand four-square by their policies, that everybody can always know where they stand, that they have always stood for instance, by the principle of protection. The right hon. leader of the opposition (Mr. Meighen) has declared

that emphatically time and time again. This government, on the other hand, has had many reflections cast upon it for having been what has been called a wobbling government; it has been said of it that you never know exactly where it stood. The right hon. leader of the opposition is a gentleman for whom I have the highest regard, a gentleman who has the admiration I believe of the people of this whole Dominion no matter what their politics may be, but we find that his party, and he as leader of that party, have not always stood four-square by their policies as they claim to have done. In 1910 the right hon. leader of the opposition supported the Lancaster motion for the total abolition of the Senate. Last year he was very severe in his criticism of the right hon. leader of the government for attempting in any way to change or interfere with the Senate.

Again, in 1911, the right hon. leader of the opposition moved for a reduction of duties. In 1925 he moved a similar resolution, but this time it was for higher protection. The same inconsistency was shown in their attitude in regard to taking over the Canadian National railway. The right hon. leader of the opposition pushed the resolution through the House guaranteeing principal and interest on the Mackenzie and Mann railway, and to take over this and other roads. But last year, at the time of the election we were led to believe that the Conservative party were willing to abandon these railways and turn them over to private ownership. I do not know whether I am justified in making that statement or not, but that was the information we received in our little province.

Mr. MURPHY: Does not the hon. member know that that statement was explicitly denied by the right hon. leader of the opposition through the newspapers of this country?

Mr. MacLEAN (Prince): I cannot say that I saw the denial.

Mr. MURPHY: It appeared in many newspapers, notably in the Free Pres, in a half-page advertisement.

Mr. MacLEAN (Prince): Then we shall have to take it as read, but at the time the campaign was on, it was the general belief that that was the attitude of the Conservative party.

Mr. ROGERS: The Liberals were wrong again, as usual.

Mr. MacLEAN (Prince): That appeared not only in Liberal newspapers, but in the press of Ontario which reported speeches of the right hon. gentleman at the beginning of the campaign. He went so far as to say that if it was impossible to bring the Canadian National railway system to the position where it would be on a paying basis, something else would have to be done about it. However, I do not wish to take any undue advantage of the right hon. gentleman seeing he is not here. I am glad to see, however, that hon. gentlemen opposite at the present time are willing to own the Canadian National railway system, now that it is making such splendid progress under present management and that they are willing to adopt it as their own creation and stand behind it, I presume, to the limit. I am pleased to see that they have changed their minds, if they did have any intention of abandoning the government railways, and have come to what I believe is the right attitude on this very important question.

Again, in 1923, the policy of the Conservative party as announced by the leader of the opposition was "Ready, aye ready," but in 1925 it was not ready until after a plebiscite or a general election had been held on the question of our participating in overseas wars. So it is always well to remember the old proverb, "People who live in glass houses should not throw stones." I suppose both sides have their faults and that each side can be called to account for something. If this government is guilty of all the sins that our friends opposite have charged against it, I think our friends opposite need to be reminded occasionally of some of their own shortcomings.

With regard to the interests particularly of the little province from which I come, there are many improvements we need. There is, for instance, a second car ferry steamer. That is something the government will have to consider in the not distant future. The steamer we have now has given splendid satisfaction up to the present, but she cannot go on forever, and our people feel that they should be safeguarded against any return to the former transportation difficulties we had by providing now for another car ferry as soon as possible.

We are always looking for something in the way of branch railways in the province of Prince Edward Island, and I am afraid that we have been waiting perhaps a little more patiently than other parts of the Dominion. I hope our good friends from the west, if the Hudson Bay railway is completed, will not forget that there are other places in this Dominion that should receive some consideration in the matter of branch lines. Particularly is this true of some of the outlying sections of Prince Edward Island which have not

railway facilities to-day. These parts should receive consideration as soon as the management of the railway is able to take this matter up.

In conclusion, there were certain matters referred to by two hon. members of this House at the beginning of this session and speeches made along a certain line which I think should be abandoned. We had the hon. member for Kent (Mr. Doucet) charging the Liberal party with all kinds of practices during the election campaign in the province of Quebec. Then we had members on this side of the House making similar charges against the party opposite. I do not think it is fair to the leaders of both our great political parties in this House to treat them in this way. We have in the leader of the opposition a gentleman of outstanding ability who has given possibly of his best to this Dominion, and I do not think it is right for us to criticize on the floor of this House any attitude he may have taken during the election campaign. On the other hand, I think it is unfair for hon. gentlemen opposite to criticize the leader of this government in connection with these matters. He has given of his very best to this Dominion for the past few years, and I think there are enough really big questions in this country to occupy our time without bringing these matters up. We should leave these personalities alone, and rising above such things, give our public men a fair chance. They are doing the best they can on behalf of this Dominion. Their's is a big task to carry out. Canada is a difficult country to govern, and the members of the administration, it seems to me, occupy a very unenviable position. Let us as members of this House endeavour to see to it in our respective communities that the political leaders, no matter of what party, shall be given that fair play and that considerate treatment which they merit.

In the last campaign flag-waving was unfairly resorted to; it was responsible for the loss of a great many votes to the Liberal party. Let me also say this to Liberal members from Ontario and Progressive members from the west: if there is not as large a representation of these two parties in the House at the present time as there should have been it is due to the fact that we defeated ourselves by running too many candidates. In too many instances there were three cornered fights with Liberal, Progressive, and Conservative candidates in the field. If Liberal and Progressive aims and policies are the same why not stick to our guns and meet our Conservative friends on equal grounds, not with our forces divided. Then, I hope, we shall emerge from the next conflict with a greater measure of success than rewarded our efforts at the last election—as I feel sure we defeated ourselves in many constituencies, and I trust that the splendid showing made by the present administration in the financial situation of the country will continue, no matter what party may control the situation in the future.

Mr. THOMAS CANTLEY (Pictou): I join with the last speaker in congratulating our genial friend the Minister of Justice (Mr. Lapointe) on his return to the House.

There is no question but that the budget, which we have been discussing for the past three or four weeks, presents features of considerable interest. It will probably be very favourably received in the middle west, with perhaps little enthusiasm in Quebec, with some hostility in Ontario, and with very little enthusiasm in the Maritime provinces. The reduction in the income tax was overdue and will be welcomed by all wage earners who are now taxed; but the double taxation on industry which it now introduces is as vicious in principle as it is altogether foreign to Canadian experience. May I point out that respectable people of the middle class who have invested in industry, perhaps the savings of a lifetime, are now to be taxed as a result of their thrift, and faith in Canadian industry. There is no doubt that tax-free victory bonds will, under this budget, command an additional premium.

There is another regrettable feature about the budget. According to the figures presented by the Finance minister (Mr. Robb), the Canadian automobile industry has provided a market for a very considerable quantity of iron and steel to the value, I believe, of $11,000,000. In addition to the reductions of duty already brought into effect I understand the Finance minister contemplates putting this large amount of the material entering into automobile manufacture on the free list. May I say that to the extent that that is done it is going to further unfavourably affect the iron and steel industry which is in a very bad position to-day, particularly in the Maritime provinces, as the minister must be aware.

Coal and steel are the twin industries of Nova Scotia, but the present budget provides no relief and gives no encouragement to these industries. I think that is particularly unfortunate in view of the unfair competition which results from the depreciated currencies of our European competitors, more especially Belgium and Germany. I have no doubt the Finance minister is aware of the fact that during the past winter a considerable ton-

nage of Belgian and German wire rods came out to Sydney at a cost of about $9 per ton less than it was possible to produce them at that point. Such a condition of affairs is, to say the least, regrettable. However, I will not labour the point any further.

It is unfortunate that the government took action on the tariff and entirely ignored their announcement in the Speech from the Throne as to the necessity for careful inquiry by the Tariff Advisory Board before making any changes in the duty. This point has been dwelt on by other speakers, and I will not now further discuss it.

5 p.m.

There is another matter which has not as yet been discussed in this House. For the past three or four weeks a committee has been conducting an investigation into the matter of unrestricted reciprocity as understood by a gang of smuggling crooks aided, abetted and protected by officers of the Department of Customs and Excise, with the attendant and consequent debauchery of the preventive branch of the Customs service. May I impress upon both my hon. friends the Minister of Finance and the Minister of Customs and Excise the absolute impossibility of stopping smuggling in the Maritime provinces and Quebec in view of our enormous coast line, extending as it does from Passamaquoddy bay, New Brunswick, up the bay of Fundy into Minas' basin, thence along the south coast of Nova Scotia, and the entire coast of the island of Cape Breton—which island lies within 150 to 200 miles of St. Pierre, the supply station of the eastern smugglers. Then you have also the entire coast of Prince Edward Island, through the straits of Northumberland, the gulf of St. Lawrence and the north and south shores of the St. Lawrence river and right up to the city of Quebec, a coastline of not less than fifteen hundred miles. On eighty per cent of this entire coastline liquor can be landed and distributed during the entire season of open navigation. I am satisfied that if the Minister of Customs and Excise had at his disposal one hundred armed vessels and one thousand coastguards he would not be able to stop smuggling in that section of the Dominion so long as customs and excise duties remain at their present high figure of $10 per gallon. So long as the duty on a case of whiskey is $21.50 or approximately one hundred and fifty per cent of the c.i.f. cost and in proportion on other liquors, it is simply impossible to stop smuggling. The c.i.f. cost of ordinary brands of good Scotch whiskey, landed at Halifax or any other port in the Maritime provinces, or in the St. Lawrence, is about $14. On the other hand the duty is over one hundred and fifty per cent and the spread is so great as to make it impossible for any government to stop this smuggling. The same argument applies to cigarettes. If the Minister of Finance will reduce the imposts to what they were three years ago he will accomplish a change for the better. I may be told that hon. gentlemen on this side raised the duties to their present figure. I think they did. And I fancy it was done at the behest of certain "unco guid" people in Toronto and some others of that stripe. When they did so they made the greatest possible mistake in the interests of public morality, sobriety and good conduct in this country. I hope the government will make a change and reduce these duties to at least one-third of those now in force. If they do that they will find that four-fifths of their difficulties in connection with the smuggling of cigarettes, tobacco and liquor will disappear over night, with an accompanying decrease in debauchery, crime and all the evils attending the operations of the rum runner and smuggler.

In regard to the desirability of a national policy for fuel, let me say that in no country in the world is fuel a matter of greater importance that it is in Canada. It is the foundation of industry, and without the assurance of a continued supply the capital needed for industry cannot be obtained except on speculative terms. From the heard of the Great Lakes westward there need be no fuel problem, as the British Columbia mines can supply the whole country west of the Rockies and under reasonable, fair and practical freight rates the Alberta mines can supply the middle west and also can command most of western Ontario. While last year there was a considerable increase in the output of Alberta coal, there was a very decided drop in the production of Nova Scotia coal. Altogether we produced in 1925 slightly over 13,000,000 tons and we bought and brought into this country from various sources, largely from the United States in round figures 17,000,000 tons in addition. In other words we did not produce 45 per cent of our requirements.

The industry in Canada has an investment of from $146,000,000 to $150,000,000 and is entitled to all the consideration possible as regards not only protecting the industry but making this country independent of any foreign country for its indispensable fuel. Unless our policy in this matter is completely changed this Dominion will some day suffer as to both its domestic fuel and fuel for its manufacturing activities. With a national fuel policy providing an adequate duty on

the various kinds of coal and fuel, be it bituminous, anthracite or coke, Canada can within ten years be placed in a position entirely independent of any outside source of supply.

Let us consider the situation in the United States. There was a time when we in Nova Scotia despatched each summer from the town where lives the Minister of National Defence (Mr. Macdonald) more than 1,000 vessels loaded for eastern United States points and an equal number sailed from Cape Breton. The United States government later imposed a duty of $1.75 a ton on our coal and stopped that business instantly with the result that they have developed their own resources; they are to-day shipping into Canada from ten to twelve millions tons of coal annually and they are now by far the greatest coal producers in the world.

Surely we can take a lesson from the experience of other countries. Are we wiser than the combined peoples of all the world? It would seem as though we thought we were, but I am sure and I think most hon. members are also sure that we are not. Every business man, every man of any intelligence who reads the newspapers knows what the situation is. The remedy is obvious and I cannot understand why we do not put it into force. Three things we ought to do. We should first impose upon coal a duty sufficient to enable us to control our own market. We should have an adequate protective duty on all classes of coal, coke and patent fuels equal to, say, not less than 25 per cent of the present laid down, c.i.f. cost. That would be, say, $1.25 to $1.50 a ton, the duty to apply to all coal, coke and patent fuel imported irrespective of its origin or the purpose for which it may be used. I have said that the rate should be $1.50 a ton and if it were that duty would be considerably lower than that at one time imposed by the people of the United States on Nova Scotia coal then largely shipped and sold by us to New England cities. Some of my hon. friends may balk at a duty of $1.50 a ton. While the industry is certainly entitled to that amount of protection I wish to emphasize the fact that a rate of duty less than one dollar a ton applied to all classes of fuel will entirely fail of its object, be mischievous and disappointing.

I now want to make some reference to my good friend the Minister of National Defence, who is familiar with this subject on which a discussion took place on various public platforms in Pictou county a few years ago when we had the mutual pleasure of meeting each other during the campaign of November, 1921. My hon. friend at a meeting at Trenton six days before the election made this statement:

> After all our discussions about far away politics, the important thing that has to be settled on December 6, is what is to be the future of this town. You want to consider between now and then as to which one of the men who come to you and ask your suffrages can best help in changing the conditions as they now exist, and can best bring to the solution of the problems that face you all, that capacity which will mean that once more we will have prosperity where now we have doubt and despair.
>
> Where do we stand in regard to this matter? What is the situation? We have in the candidate of the Conservative party one story and one story only, from him and his friends: "We are not going to make any changes in the tariff. You should bow down and worship the National Policy, that second Ten Commandments which cannot be touched or interfered with." That wonderful policy under whose benign sway conditions of unemployment and distress have come which exist in this and other communities? He doesn't propose to change a single line in this wonderful document. Are you going to get much help or comfort from that quarter? Not at all.

He proceeded:

> Well, the primary cause of these conditions here is the enormous imposition which has been allowed to be placed upon the carriage of the products of the industries of this country of Pictou. Our coal mines are not working because it costs $2.30 a ton more to carry their coal to Montreal. Your steel works are not working because it costs $4.80 a ton more to send your products to your markets.

My hon. friend was wrong by $1 a ton. It was $3.80, not $4.80. He continued:

> I come to you and I say that I speak for myself and my party, and that coming into power, as we will on the 6th of December—

And they did.

> —we propose to change those railway conditions, so that you will be able to send your products to central Canada, and thus compete with the Steel Company of Canada, and the Americans at that point.

He did change them; or his friends did change them; the rates that he then complained of they further increased in 1922 and again in 1924. He continued:

> You have been told that there is a wonderful duty on steel. Protection on steel. There is no protection on steel. What is a 10 per cent duty on your products? There must be higher duty put on. I frankly say that I stand for that. I believe in that.

Mr. MACDONALD (Antigonish): Will my hon. friend kindly tell me from what paper he is quoting?

Mr. CANTLEY: I am not quoting from any paper; I am quoting from the notes of the shorthand reporter who took down the hon. member's speeches at the various meetings. I have a great deal of it in addition to this and I will let my hon. friend have the whole of it after I get through.

Mr. MACDONALD (Antigonish): I rise to a point of order. The hon. member is trying to get on Hansard an alleged report of a speech which I never delivered, and for the purpose he is following the course adopted in the last parliament by a member who is now Prime Minister of New Brunswick. I affirm again that the alleged speech which my hon. friend is trying to attribute to me was never uttered by me, and the report is a false one. I made that statement in 1924 on one occasion when His Honour the Speaker ruled upon my point of order, holding that it was not in order for an hon. member to quote in this House any report that did not appear in the public press and the author of which was unknown. My hon. friend does not tell us who the stenographer was, and we know nothing of the origin of this alleged report.

Mr. CANTLEY: I can give the minister the name of the stenographer. He is Mr. J. R. McGregor whom the minister knows well.

Mr. MACDONALD (Antigonish): It was my hon. friend's secretary who made the speech, and not I. I never uttered those words in the way in which they are reported.

Mr. CANTLEY: What does my hon. friend mean by the phrase "in the way" the words are reported?

Mr. MACDONALD (Antigonish): I never used the words which my hon. friend is now quoting and which, as I have said, were quoted on a former occasion in this House and ruled out of order by the Speaker. At that time Mr. Baxter attempted to get the words into Hansard and upon my raising a point of order the Speaker ruled that they were inadmissible.

Mr. CANTLEY: My hon. friend has a great deal more parliamentary experience than I have. Indeed, I have practically none. Perhaps the rules of the House may prevent my quoting the speech, but I hardly expected that the hon. gentleman would stand up in his place and plead for mercy at my hands in this matter.

Mr. MACDONALD (Antigonish): I rise again to a point of order. The hon. member has no right to put words into my mouth, words which I never uttered. A stenographer produced a certain alleged report which was never made public and which was used entirely for the purpose of misrepresenting me, and I say that the report is utterly false. I would call your attention, Mr. Speaker, to the ruling given on the previous occasion by Mr. Speaker Lemieux. On May 15, 1924, Mr. Baxter having attempted to quote this false and fabricated report, the Speaker ruled as follows:

> I think it is perfectly clear that the hon. gentleman is wrong in reading a report containing certain statements which are specifically denied by the hon. Minister of National Defence. That is my ruling. I hope the hon. gentleman will accept the ruling and not continue to read from an alleged report. The hon. member says it was not a report published in the press but was specially taken down by somebody at a meeting. It is not usual to quote from a report the author of which is not known. . . . . The report is said to have been taken at a certain meeting but the statements contained in it are specifically denied by the Minister of National Defence. Under the circumstances I think the hon. member, who is well aware of the spirit and letter of the rules of the House, should abstain from quoting from the report.

I would ask for your ruling, Mr. Speaker.

Mr. CANTLEY: I have already given the name of the author of the report. I was present at the meeting—

Mr. MACDONALD (Antigonish): My hon. friend never met me on a single platform in Pictou in that campaign.

Mr. CANTLEY: I did not say I did.

Mr. DEPUTY SPEAKER: The Minister of National Defence has categorically denied having made such a speech as the hon. member is quoting from, and I must ask that it be not further referred to.

Mr. CANTLEY: I think it was said at that time—I do not think the minister will deny it—that I had issued a manifesto to the people of the county.

Mr. MACDONALD (Antigonish): Mr. Speaker, the point I make is this: my hon. friend is quoting from a document containing utterances which are absolutely fabricated, and is attempting to ascribe to me words that I never used at all. The alleged report from which the hon. gentleman is quoting never appeared in the public press and was never heard of until weeks, indeed months, afterwards, when it was produced and its statements ascribed to me.

Mr. ROGERS: I do not think my hon. friend (Mr. Cantley) is quoting just now.

Mr. CANTLEY: I am not quoting at all at the moment. And what I have been quoting from is a speech which was delivered by the minister at Trenton, whereas the speech to which he has been referring and which was under discussion here last year or the year before was one which was made at Stellarton.

Mr. MACDONALD (Antigonish): It was the same speech taken by the same stenographer.

Mr. CANTLEY: It is not the same speech.

Mr. DEPUTY SPEAKER: The Minister of National Defence having repudiated the speech alleged to have been delivered by him, I must ask the hon. member to take his word and refrain from further references to it.

Mr. CANTLEY: I bow to your ruling, Sir, but I am rather surprised at the attitude taken by the minister: I gave him credit for a little more courage.

Mr. MACDONALD (Antigonish): My hon. friend had so much courage in 1921 that he never met me on a single platform to discuss public questions.

Mr. CANTLEY: I had courage enough to appear on platforms in 1925 when the minister avoided me.

Mr. MACDONALD (Antigonish): You probably would not have been there if I had arrived.

Mr. CANTLEY: Why did the hon. Minister of National Defence mobilize his entire forces—horse, foot and artillery, commissariat and war chest, and in the dark of the last September moon leave the fastnesses of Pictou, which had supported him for thirty years? Why did he abandon, even as did Kruger, that other celebrated man of war, the wife of his bosom and his little ones, leaving them to the tender mercies of the Tory enemy? Under cover of night he marched from Pictou and dug in in the mountain fastnesses of Antigonish, forty miles away, and to-day he warms his cabin in the vale of Kippoch with peat, the duty on coal being too high. Now he talks about people not having courage to meet him! With whom does the balance of courage lie to-day? I think it is for the minister and not for me to explain any want of courage.

To come now directly to the budget. Iron and steel, the basic industry of civilization, has made but little progress in Canada during the past fifteen years. We have advanced perhaps one and a half per cent in Canada while in the same period the expansion in the United States has been about 75 per cent. During the past year Canada imported about $181,196,800 worth of iron and steel products, largely from the United States, while the value of these duty free products imported in 1925 was $15,126,109; in the same year dutiable tonnage was imported to the value of $120,000,000. In 1926 the free tonnage imported was valued at $22,000,000 and the dutiable at $158,000,000.

Here is another arresting fact in connection with the matter. Our free and dutiable iron and steel in 1925 was valued at $134,000,000 or an increase of $46,000,000 over that of 1924. The point is that the proportions of free or 99 per cent rebate steel is going up year by year, and going up rapidly. We have a tariff that is the laughing stock of any commercial man in any country who has any knowledge of fiscal affairs. Our tariff contains items respecting the iron and steel trade that have not been altered for nearly thirty years. There are to-day in that tariff over seventy items that are either entirely free or enjoy a rebate of 99 per cent, and this country has gone on for years collecting large amounts of duty on certain iron and steel products running into enormous figures only to rebate them again later.

The iron and steel tariff as it now exists is the most irrational and confusedly mixed mass of out-of-date schedules imaginable. Take one item No. 387:

> Swedish rolled iron and Swedish rolled steel, nail rods under half an inch in diameter, for the manufacture of horse shoe nails.

There has been no Swedish rolled iron for use in the manufacture of horse shoe nails imported into this country for years—and still the item remains. Swedish rolled iron nail rods were replaced by mild steel years ago. Then take item 1005:

> Steel under one-half inch in diameter or under one-half inch square when used in the manufacture of locks and knobs.

That item was put there when Sir Charles Tupper introduced his first iron and steel tariff in 1887. What does it mean? It means the little spindle that goes through a door lock and engages with the knobs. This steel has been admitted into this country for thirty years free of duty although it could at any time during all those years have been made in any of our mills. Ontario factories have been making locks and knobs for thirty years and have enjoyed ample protection on their product—and still have had that particular item coming in free. I might say the same of thirty other items. Why do we not profit by the wisdom and experience of the United States? There is no such nonsense in their tariff. Take iron and steel. The United States customs authorities have been deal-

ing with these matters for sixty years, they have evolved a tariff whose definitions are so clear that they cannot be evaded. Take paragraph 306 of the United States tariff which deals with steel:

"All metal produced from iron or its ores, which is cast and malleable, of whatever description or form, without regard to the percentage of carbon contained therein, whether produced by cementation, or converted, cast, or made from iron or its ores, by the crucible, electric, Bessemer, Clapp-Griffith, pneumatic, Thomas-Gilchrist, basic, Siemens-Martin, or open-hearth process, or by the equivalent of either, or by a combination of two or more of the processes, or their equivalents, or by any fusion or other process which produces from iron or its ores a metal either granular or fibrous in structure, which is cast and malleable, excepting what is known as malleable-iron castings, shall be classed and denominated as steel."

There you have a definition of steel which cannot be got around in any way whatever. Every item of iron or steel that is made in the United States and that falls under any of the categories of iron and steel products is amply protected, with the result that there has been an enormous growth in the volume of these products and to-day that country, in respect to that production, leads the world.

Consider the type of competition which the steel plants of Canada have to contend with. Take the United States Steel Corporation, organized in 1901. To-day it has 138 miscellaneous works and departments, comprising 112 blast furnaces, 34 Bessemer converters, 332 oil heated furnaces, 44 blooming and slab mills, 15 billet and sheet-bar mills, also eight rail mills, seven universal plate mills—I might read the whole list, but I will not weary the House. Consider their resources in another way. They have 237,714 acres of gas and oil territory, 1,407 active gas wells and 246 active oil wells, 20 gas compressing stations, 8 gasoline plants with a pipe line distribution system aggregating 1,285 miles. In 1925 they had a production of 15,738,157,000 cubic feet of natural gas—practically all consumed in their own plants—97,910 barrels of crude oil, and 1,313,088 gallons of gasoline. Look at their ore resources. They have 19 active mines which produced last year 27,996,845 tons of ore, and several other mines in reserve. They have railway equipment, including 1464 steam locomotives, 61,916 train freight cars and 2,600 odd other items of railway operating equipment. They have also 139 lake and 35 ocean steamships, and 413 river transport vessels.

Then take their production. The output of the several principal departments for the year 1925 in comparison with results for the preceding year was as follows:

	1925 tons	1924 tons
Iron and manganese ore	27,996,845	24,774,541
Limestone, dolomite and fluorspar	5,344,893	5,033,889
Coal	31,475,568	27,738,007
Coke	16,301,224	14,408,041
Pig iron, ferro and spiegel	14,798,999	12,683,729
Steel ingots (Bessemer and open hearth)	18,898,697	16,478,857
Rolled and finished steel products for sale	13,271,010	11,722,908

Consider what they contributed to the taxation of the United States. Last year they paid in federal taxes nearly $51,000,000, and their volume of business was $1,406,505,195, an increase of about $200,000,000 over the year before, and their total undivided surplus on December 31, 1925, was $521,863,109. That is the corporation and the kind of competition which our iron and steel plants have to meet, and the better to aid them we carry their steel on our canals free of all tolls, and impose a trifling duty—the Minister of Defence says ten per cent—and with what result? Out of seventeen Canadian blast furnaces to-day we have only six in operation; of open hearth furnaces we have forty odd with about 25 per cent of them in operation.

Consider for instance the situation to-day at Sydney Mines. For the last four years not a wheel has been turned nor a furnace lighted in connection with that plant. There are situated two modern blast furnaces; about one hundred and fifty retort coke ovens; a coal washer, than which there is none better on this continent; five 70-foot open hearth furnaces modern in every respect. This plant is situated on top of the finest metallurgical fuel in the world. Why is it not operated; why have we to-day almost two thousand men, in that town of ten thousand people, without work?

Go to New Glasgow, the home of the iron and steel industry of this country, where all the pioneering work in connection with that industry was done either in New Glasgow or in Ferrona, a few miles away. I left school at less than fifteen years of age, after having a difference with the schoolmaster; he is now in heaven, while I have only reached the House of Commons, which certainly is not thought to be the gate to heaven. I have wrought at nearly everything in connection with the iron and steel trade; I know what it is to get up at six o'clock in the morning; I know what Blue Monday means, and the attractive anticipations of Silver Saturday; I was associated for a period of nearly forty years with the men who were the pioneers.

Graham Fraser, Simon A. Fraser, Forrest McKay and Harvey Graham; these were the men whose vision, industry and perseverance fought out in eastern Nova Scotia, long before any steel was made in Ontario, all the problems in connection with the utilization of our own and, later, the Wabana iron ores. We built there the first commercial coal washer on this continent; we installed and worked successfully a battery of retort coke ovens, three years before there was a retort coke oven erected anywhere else on this continent. I can claim honestly and with some pride that New Glasgow is entitled to the credit for all the pioneering work in solving the problem of making first acid and later basic open hearth steel successfully from our own and also from the Wabana red hematite ores.

Take the situation at New Glasgow to-day; there you may see a forge and mill plant costing say $10,000,000 or more, and how much work is now being done there? We should have 4,000 men working, as we once had. The situation during the past two years has been such that those men who could not get away, simply because they owned their houses, have had to exist on sixty, seventy and eighty days of work each year. All the young, active men who were not tied down went to the United States, and we have left only the older men who, unfortunately for themselves but luckily for the town, are not able to get away being house and property owners. The Scotia company operating that plant never built a single house for its employees. The men were thrifty, largely of Scotch descent, built and owned their own houses. We have had and have there to-day the most intelligent and capable class of labour, not excelled by any other on this continent, but what kind of treatment are they getting? Absent treatment, under which all the active and energetic young men, the best blood, the best brains and brawn of our country have gone to work in a foreign land. How long are we going to put up with it? Only until the people get another opportunity to give a verdict against the party now posing as the government of this country.

Mr. Speaker, there is a great deal more that I should like to say, but time is moving on, so I will conclude with an appeal to the Minister of Finance, to the government, to hon. members opposite and to all parties in this House to give consideration to a matter which, to my mind, vitally interests not only the workers of Nova Scotia but the national safety as well. Involved in it are protection to and extension of the coal, iron and steel industries of this country. The next great world struggle for national extension, development and sea power will be on the Pacific. When that time of stress and struggle comes—and it may come much sooner than most of us expect—Canada will be involved. I do not suggest that our armed forces will be engaged, but none the less this Dominion will be profoundly affected. One of the combatants will conserve and reserve for their own purpose the basic, indispensable products of coal, oil, iron and steel. In view of such a possibility should not and must not we as a nation now take thought and develop our resources, both as to fuel and iron and steel, the most valuable of all metals, so as to make ourselves entirely independent of any foreign source of supply, and thus comply with the first law of nature, that of self-defence? To that end we must develop our coal resources and stimulate in every way possible the iron and steel industry of Canada; only in that way can we make this Dominion economically independent as concerns all essential materials. Such a policy will bring prosperity and contentment to the Maritime provinces and will be a large factor in the unification, development and safeguarding of the Dominion. I thank you.

Mr. P. L. HATFIELD (Shelburne-Yarmouth): The hon. member for Prince (Mr. MacLean) addressed much of the early part of his remarks to what he called camouflaging the issue by the opposition, and I could not help thinking, Mr. Speaker, that that came with very ill grace from the hon. member. In rising to open his remarks he admitted that he had attempted to camouflage the issue on Friday night in moving the adjournment of the debate, because he expected me to make his speech for him this afternoon. We on this side of the House do not believe in camouflaging the issue; I would not consent to that sort of treatment, and told my hon. friend that he would have to make his own speech. But he had not proceeded very far, Mr. Speaker, before I rather regretted my decision, because I discovered that in large measure he was delivering the speech which I am now supposed to give. Perhaps the House will be the gainer, however, because I will be enabled to delete from my remarks much of the data and statistics which he has already given.

Notwithstanding the fact that I have had the honour and privilege of sitting in this House during the last parliament and up to the present in this parliament, this is the first

occasion upon which I have risen to offer any extended remarks in the discussions which have taken place from time to time. There is a very good reason for that, I think. Hon. members will recall that in the elections of 1921 the province of Nova Scotia, from which I have the honour of a seat, returned to this House a solid contingent supporting the present right hon. Prime Minister (Mr. Mackenzie King), who was subsequently called upon to form a cabinet. Included in that contingent were such eminent statesmen and parliamentarians as the Right Hon. W. S. Fielding, Hon. A. K. Maclean; he who is now Minister of National Defence (Mr. Macdonald); H. J. Logan, George Kyte, the hon. member for Queens-Lunenburg (Mr. Duff), and others that I could mention. Under those conditions it seemed almost superfluous that I, a backbencher, coming to this House for the first time, should be called upon to make any general remarks in the debates as they came before this House, as the interests of our province were so well taken care of by these hon. gentlemen. But you will recall, Mr. Speaker, that something else happened in the province of Nova Scotia since the last parliament dissolved. We had a general election in October last, and the province of Nova Scotia did on that occasion what she has done on many another—she almost completely reversed herself in so far as her party representation in this House is concerned, and today, Sir, we have only three members on this side from the province of Nova Scotia giving support to the government.

The hon. Minister of National Defence, by reason of his departmental duties, can hardly be expected to give the same detailed consideration and time to the debates here as he otherwise might do. The hon. member for Queens-Lunenburg has had his lips effectually sealed by his elevation to the Deputy Speakership. So, Sir, under those conditions it does seem proper and right that I should now rise in my place and attempt to discharge my duty as best I can in presenting to the House the interests of my province as I see them, and particularly of the constituency which I have the honour to represent.

I ask the indulgence of the House, Mr. Speaker, in that I desire to offer the most of my remarks and to plead more particularly with this House on this much vexed and much mooted question of Maritime rights. But before I do that, may I be permitted to offer a few general remarks in connection with the budget itself?

I think there is general agreement in this House and in the country that Canada has at last, as we say, turned the corner of hard times and is now on the road towards a better era of prosperity and national development. I think, Mr. Speaker, it should be common ground for general satisfaction, and indeed profound gratitude, that that is the case, because we remember, Sir, that when we entered the post-war period there were those in this country, perhaps best qualified to judge, who viewed with concern and gravity the position of this country so far as the future was concerned. Indeed, Sir, they went so far as to express grave doubts as to whether or not Canada could ultimately recover and recoup herself from the great losses of that terrible world conflict. It is because the budget statement reveals the condition in this country that it does reveal that I think we should find common ground for general satisfaction and profound gratitude, because there is no gainsaying the fact that while we may not all feel that Canada is all the way on the road to prosperity, she certainly is on the way.

I am not one of those, Mr. Speaker, who think that all this is due to short-time administrations and overnight policies. Depression and prosperity in a country are not as a rule the result of short periods of administration; they are rather the result of long periods of administration and they are not always the result of conditions within the borders of the country itself. World conditions usually account for prosperity or depression in a country to a greater extent perhaps than the conditions at home; it is international, rather than national. For instance, this country, our Conservative friends say, came through the great world war in as good a condition as or better than any other belligerent country that entered the war when Canada did and stayed in to the finish. I think that is true, and Canada can have a pride in that, but our Conservative friends say: We did it; it is the war-time administration that is responsible for the success of Canada in that war. That may be true, Mr. Speaker but on the other hand, if the hon. member for South Wellington (Mr. Guthrie) would permit me to borrow an expression from his spech, it may be also true that our success was in spite of the war-time administration. But I feel that nobody upon reflection will deny that the great contributing cause to the success of Canada in that war was more due to pre-war administrations than to the war-time administration itself. Obviously, Mr. Speaker had Canada been governed by administrations weak and spineless, without courage and vision, the conditions in the country which we would have had to turn over to the war-time administration would have reflected the character and

quality of the governments that had governed for a decade, a decade and a half or even two decades before, and it is because Canada did possess governments and administrations with courage and vision and the genius to govern that they were able to turn over to that war-time administration a country strong, virile and potent in all the essentials and in all those things which were vital to withstand the terrible onslaught of that war. Even a government of devils—and I would not suggest for a moment that the war-time administration was a government of devils—could not utterly destroy and wreck our country in the four years of actual warfare. Just so it is true, Mr. Speaker that a government of angels could not have saved this country from the terrible strain and terrible effects of that awful conflict, and that is why it is, Sir, when we came into the post-war period, that Canada of necessity must have been weakened and broken well-nigh to the point of utter discouragement. That is why it is that when we came into the post-war period, the war-time administration of necessity turned over to the post-war administration a country very much weakened and a country not able to function as she would in peace time. That too, Sir, is why it is that our Canadian statesmen and those who are in the best position to judge did have grave doubts and grave concern in respect to the future of this country.

It is because the budget statement reveals the fact that we have now turned the corner of hard times and that we are now on the road to prosperity, that we must I think find common ground in that situation for great satisfaction and profound gratitude. Our friends opposite, Mr. Speaker, were quite willing apparently to admit that, for the hon. member for South Wellington, who was put up to answer the Minister of Finance (Mr. Robb) admitted that there was a return of prosperity in this country, but, he said, it was not due to anything this government had done; it was in spite of what it had done; it was all due to Providence, he said. To complete the parallel between the criticism of the present day opposition and the criticism of the old opposition in the Laurier-Fielding days, you will recall, Mr. Speaker, that in the budget revision of 1897 there were the same dire prophesies made as to what was going to happen to the industries of this country, and when those things did not happen, then was raised the question of the uncertainty; it was claimed that capital would not be invested, and importers would not import, because they did not know what was going to happen to the tariff. We have that same criticism to-day—

[Mr. Hatfield.]

tariff instability. Then, when all else failed, and the Finance ministers of those days were able to bring down budgets showing surpluses instead of deficits, they said the government was lucky. It is all there on the records, Mr. Speaker, and it compares almost word for word in many instances with the criticisms of the present day opposition. To complete the parallel, they said that this prosperity had come in spite of the government; it was due to Providence.

I think my hon. friend from South Wellington was hardly orthodox in his treatment of Providence in the remarks he made the other day. The hon. gentleman, it would seem, limited the scope, the power and the beneficence of Providence to certain years and certain times, and to crops rather than to men. For instance, he said that when there was prosperity in 1925 it was the result of good crops; and when there was depression in 1922 and 1923, because of poor crops, he absolved Providence from all responsibility in the matter. In other words, when there were good crops and good times in 1925 it was a case of thank Providence; but when there were poor crops and depression in 1922 and 1923 it was a case of thank the Mackenzie King government and Robert Forke.

Sir HENRY DRAYTON: Does not the hon. gentleman know that there was a larger crop in 1923 than in 1925?

Mr. HATFIELD: The hon. member for South Wellington attributed the good crops to Providence.

Sir HENRY DRAYTON: I will admit this at once: My hon. friend is no more in error in this statement than he is in others.

Mr. HATFIELD: Thank you. I am dealing with the speech of the hon. member for South Wellington in which he said that Providence was to be thanked, particularly for the good crops.

Sir HENRY DRAYTON: My hon. friend will find there was a heavier crop in 1923 than in 1925.

Mr. HATFIELD: I hope the hon. gentleman is not as much astray in that statement as he is in other assertions which he makes to the House.

Sir HENRY DRAYTON: That is a good recovery but, unfortunately, it is a little late.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. HATFIELD: Mr. Speaker, when the House rose at six o'clock I was attempting to show the similarity of the criticism offered by the present day opposition to that offered by the opposition in the old days of the Laurier-Fielding administration. I had tried to show as best I could that they first talked of the sorrowful wails that were going up in respect to what was going to happen to the industries of Canada. Then they spoke of the uncertainties of the tariff; when better times came they spoke of good luck, and finally the comparison was made complete, I thought, when they said it was due not to this government but, in spite of it; and it was all due to Providence.

I had attempted to show that the years 1922 and 1923 were lean years as regards the wheat industry of this country. The hon. member for West York (Sir Henry Drayton) interrupted and advised me that the year 1923 was a good year in the wheat growing industry. But I thought I could recall very vividly the remarks of hon. members representing wheat growing constituencies and I thought the substance of their remarks was that the wheat growing industry was not flourishing in 1922 and 1923. During the dinner hour I took occasion to speak to some hon. members from those western prairies, and they say that while it is true there was a comparatively good yield in 1923 the price was particularly low; that owing to the fact that they had had very lean years prior to 1923 they were not able to overtake their losses; that the wheat growing industry as such was languishing, and that there was no prosperity in the business.

Our hon. friends opposite should put first things first in their criticism of Providence. They should first thank Providence that this country possesses what she has possessed since confederation and what we hope she always may possess under the guiding hand of an all-wise Providence, namely good administrations. We on this side of the House may be pardoned if we take occasion to thank Providence that that great army of wheat growers is represented in this parliament in no inconsiderable numbers, and that they find so much in common between the policies of this government and their own that they can give us their general support. We on this side may also be pardoned if we thank Providence that we have the opposition which we possess in this country to-day. May we not be permitted to couple with that a pious hope and wish that that opposition may be maintained for a good many years to come for the general good of Canada as we understand it?

That brings me to the question of Maritime rights. In casting about for some manner in which to give consideration to this subject in order that I may deal with it intelligently, regularly and in order, I have decided to follow the hon. member for Cumberland (Mr. Smith) who made the first speech in this House for the Maritime righters so-called and who committed them to a general policy. In criticizing my hon. friends I do not wish them to think for one moment that I have any personal suggestions in what I have to say. They are all worthy representatives and Nova Scotia at least has no occasion to feel anything but proud of the men she has sent here to represent her in this parliament. It is their attitude on the question of Maritime rights which I desire to criticize and I will do so as far as possible in a friendly way.

My hon. friend opened his remarks somewhat after this manner. He said: On two main, outstanding, salient points we are of one mind, namely, that we are to give strict adherence to the principles and policies of the Liberal-Conservative party as they have been enunciated in this House and out of it time and again by the leader of the opposition (Mr. Meighen), and unswerving loyalty to the leader of the Conservative party in Canada. As regards the last part of that I think there is no difference of opinion between us. It is generally considered that those of the Conservative candidates who would be elected in that election would sit in opposition behind the Conservative leader. But when my hon. friend says that the main, outstanding, salient points which are to govern his attitude and that of his colleagues in this House are that they are to give strict adherence to the principles and policies of the old Conservative party and loyal support to the Conservative leader, I feel I am entitled to take sharp issue with him and to say that as far as I understand the matter that is not the ticket on which they were elected.

Mr. SMITH: Does my hon. friend suggest that the member to whom he is referring was not elected on the platform of those two salient points which have just been mentioned?

Mr. HATFIELD: That is my belief absolutely.

Mr. SMITH: Then the hon. gentleman's belief is ill founded.

Mr. HATFIELD: We shall see. I know my hon. friends have always declared, at least they have done so during the past two years, that this was their policy. Let me hint, however, that what these hon. gentlemen do, makes so much noise that it is impossible for us to hear what they say. They are on record in relation to Maritime rights and I intend to inform this House just what reasons have forced me to the opinion I have formed on this subject. If hon. gentlemen will take up any pre-election issue of the Halifax Herald, the official organ of the Conservative party in the province of Nova Scotia, they will find, in an advertisement covering practically half a page, two very excellent pictures of the hon. members for Halifax. In the left hand corner there is a complimentary likeness of the senior member for Halifax (Mr. Black) and in the right hand corner an equally good one of the junior member (Mr. Quinn). In the advertisement there is not very much typographical matter, but what there is stands out in bold relief, printed in large black letters. This is what one reads—and bear in mind that this was before the election:

Province above Party. The crisis in its affairs calls all citizens together whatever their party leanings, to act in concert on behalf of their native province. Divided we are destroyed—

May I ask hon. gentlemen opposite whether in their opinion so much of the advertisement as I have just read suggests for a moment that the salient grounds on which members from the Maritime provinces were elected were strict adherence to the old Conservative policy, and an uncompromising pledge of loyal support in this House to the leader of the Conservative party? Let hon. gentlemen turn to another page in the same paper and they will find a larger advertisement carrying, as I interpret it, a general appeal to all candidates in Nova Scotia representing the party opposite. I invite the attention of the House to the terms of this appeal:

Partisan politics has led to the betrayal of the Maritimes.

That, remember, was before the election. But after the election partisan politics evidently is to be the dominant characteristic of hon. gentlemen's attitude towards the question of Maritime rights. To proceed:—

—Partisan politics is dead, dead and dust as far as the people of the Maritime provinces are concerned. As a unit they are going to support the Maritime ticket which is pledged to work en bloc for Maritime interests. Vote as a people, not as a party. Support the Maritime ticket.

That, as I say, was before the election. After the election hon. gentlemen, being comfortably seated in this House, take the view that they are here to give strict adherence to the principles and policies of the old Liberal-Conservative party.

Mr. SHORT: Have not the Conservative members sent here from the Maritime provinces all advocated in their speeches the interests of the Maritime provinces? Have we left undone anything that we ought to have done? Have we not done more than the "Sixteen" did during the past four years?

Mr. HATFIELD: What my hon. friend and his associates did prior to the election was to declare that they were going to break away from the old party lines.

An hon. MEMBER: We did not do anything of the kind.

Mr. HATFIELD: I know, of course, that hon. gentlemen do not like to be told this, and they do not admit it.

Mr. MACDONALD (Richmond): It is not so.

Mr. SHORT: What we did say was—

Some hon. MEMBERS: Order.

Mr. HATFIELD: My hon. friend is a goodnatured fellow and I am willing to let him ask any question he likes.

Mr. SHORT: I am merely saying—

Some hon. MEMBERS: Order.

Mr. HATFIELD: As I remarked before, hon. gentlemen's actions are so noisy that we cannot hear what they say. Let me proceed with this advertisement, however; I do not want the House to lose sight of it.

Vote as a people, not as a party. Support the Martime ticket

Suppose they had put right under that advertisement the declaration of my hon. friend from Cumberland (Mr. Smith), that the two salient planks of their platform were, in the first place, strict adherence to the principles and policies of the Conservative party—the old policies, not the new ones—and, secondly, unswerving loyalty to the Conservative leader; would not that advertisement have had a somewhat different complexion? Of course, I have no fault to find with hon. gentlemen for holding such a view of their responsibility; it is entirely a matter for themselves. But I do say that they are not treating with any degree of fairness, either the House or those who elected them when they declare in one breath that they were elected on a Maritime ticket to support a Maritime

platform and calmly tell us in the next breath that they were elected as Conservatives to support the old policies of the Conservative party.

Mr. MANION: They are the same.

Mr. MACDONALD (Richmond): To be consistent with the policy upon which we were elected, would the hon. member suggest that we ought to sit behind the leader whom he is following at this moment?

Mr. HATFIELD: No.

Mr. MACDONALD (Richmond): Then, logically, where is our place to-day?

Mr. HATFIELD: As my hon. friend believes as he does his logical place is, I suppose, just where he is. Hon. gentlemen are Conservatives first, last and all the time. My complaint, however, is that they are more Conservative now than they were during the election, for they owe their election to the fact that the great body of independent electors in Nova Scotia took them at their word when they promised to put province above party and subordinate all party interests to the greater demands of the Maritimes. The people assumed that they would support the Maritime platform. But it is one thing to make professions before an election and quite another thing to face the music when responsibility is assumed.

Mr. hon. friend wants to know what, in my opinion, Conservative members from the Maritime provinces should do and what position they should hold. Well, I would expect them, if they wanted to keep faith with their electors, to do as they promised and support the Maritime ticket.

Mr. MACDONALD (Richmond): Are we not doing exactly what we said we would do?

Mr. HATFIELD: If my hon. friend will let me make my speech I will try to show that in my opinion he is not.

Mr. MACDONALD (Richmond): It is my hon. friend's opinion, not the opinion of the electors.

Mr. HATFIELD: That will be determined later on; that is just my point, Mr. Speaker. No, I would have thought had my hon. friend played fair with the people who elected him and with this House—because he has to come to this House for every bit of legislation that he hopes to get for the benefit of the Maritimes—I would have supposed he would have told us something about the history and the origin of this question of Maritime rights, and what the platform was upon which he was elected. Then if he had said what his position was in respect to that platform I would have no fault to find. But neither he nor his friends have referred to it, not in a single instance have they let us know there was a Maritime rights platform. But I would suggest, Sir, that there is a very clear-cut, specific and definite Maritime rights platform. I do not know that it is worth anything; some people suggest it is, others suggest it is not. But there is such a thing, it is in existence, and the great body of independent electors, yes, and many of the Liberal electors in the province of Nova Scotia supported my hon. friends opposite because they believed those hon. gentlemen were going to give strict adherence to the principles and policies of the Maritime rights platform.

Now, Mr. Speaker, I will try to give you a bit of the history of the origin of the Maritime rights party and the Maritime rights platform as I see it. I may be very far astray, for I am speaking as a Liberal from Nova Scotia and I could not be expected to see eye to eye with my hon. friends opposite. But this is what happened as I understand it. In 1920 and 1921 you will recall that we had two elections in that province; in 1920 a provincial election, and in 1921 a federal election. Both of these elections were fought out mainly on the old party lines, and the principles and policies to which my hon. friend now gives allegiance were very much discredited in those elections, so much so in the case of the federal contest that the Conservatives did not succeed in electing a single candidate. In the provincial election they did elect some, but they were hopelessly beaten. Subsequently there loomed on the horizon another provincial election, and my friends got together and said: "What are we going to do about it? It is no use to make an appeal on the old Conservative principles and policies, because they are utterly discredited in this province. What will we do?" Well, it is said necessity is the mother of invention. I want to congratulate my hon. friends on the fact that they must possess some person in their party who is endowed in large measure with this inventive genius. He said, "This is what we will do. The census of 1921 reveals the fact that we are the only province in the whole Dominion that is relatively losing population—we are the only province in the Dominion that is losing representation in the House of Commons. This all grows out of confederation. Now we will capitalize

the discontent and the unrest that is abroad in our land and we will say that it is all due to the fact that Conservative and Liberal governments alike have utterly disregarded the solemn pledges of the fathers of confederation in so far as this province is concerned. Repeatedly have we spoken about these pledges, but neither of the old parties has yet brought them to the attention of the federal parliament." And the provincial government, Mr. Speaker, which had been Liberal for nearly forty-three years, was charged with neglect in that they had made no appeal to the federal government to have those wrongs righted. So our Conservative friends in Nova Scotia said, "We will form a new party and call it the Maritime Rights party; we will announce a new platform in which we will incorporate the grievances of this province by reason of the lack of interest taken by the old parties to have those grievances redressed by the federal authorities."

Now, that was accepted generally throughout Nova Scotia as a good thing. It was not a party thing, as I understand it. The Armstrong government in its dying days passed a resolution in which they set forth what they regarded as the rights of the Maritimes, or the rights of the province of Nova Scotia under confederation. In order that I may not be accused of making up this resolution I will read a copy of it. By the way this does not deal with the Intercolonial railway, it having been treated separately. This is what the resolution says:

> Therefore be it resolved that it is the opinion of this House that, subject to section 121 of the said British North America Act, the regulation and control of taxation, trade and the fisheries of this province should be relaxed and modified by the government and parliament of Canada in such a manner that the interest of Nova Scotia may be prejudiced no longer in such matters and that business and industry may be encouraged and stimulated within the province.
>
> And be it further resolved that it is also the opinion of this House that the Governor in Council should proceed with the least possible delay to prepare or cause to be prepared a statement of the particulars in which the interests of Nova Scotia have been prejud ced by the economic system of the Dominion of Canada, and should make application to the government and parliament of Canada for appropriate redress and equitable remedies.

That, Mr. Speaker, is the Maritime rights programme as understood by a certain section of the people of Nova Scotia, namely, that we should come to this parliament and seek to have a modification and relaxation of control of our trade, our taxation and our fisheries, and that there should be an inquiry into the economic system of Canada as it affects the province, and that the status and utility of the Intercolonial railway should be gone into; these things should all be made the subject of an independent, competent and authoritative commission, or committee or tribunal, or anything you like to call it; that the case of Nova Scotia should be stated before that tribunal, and should then be brought to this House for appropriate redress and equitable remedies. That resolution represents the views of one section of the people of Nova Scotia speaking through its representatives.

What was the attitude of our Conservative friends? Here is the platform, Mr. Speaker, as enunciated by the opposition in that provincial election. I should like hon. members to notice that virtually the same phrasing is used almost in every instance in the enunciation of their platform. This is how it reads:

> A competent, independent, honest and authoritative inquiry into:
>
> (a) The economic conditions of private and public business.
>
> (b) The status and utility of the Intercolonial railway.
>
> (c) The merits, record and results had, and probably to be had, from the economic system of Canada, their effect upon business interests and prospects of Nova Scotia, including the cost of living and the cost of production.
>
> (d) Removal of the economic injustices and disabilities under which the province is found to be labouring, and in the event of failure to obtain redress, to submit the question directly to the people of the province to obtain the will of the electors in regard to the injustices complained of, and in particular to mandate and empower the provincial administration to petition and request the Dominion government to modify or relax its arrangements on the subjects of taxation, trade and fisheries which may be found to prejudice the business and industrial interests of the people and the province of Nova Scotia.
>
> (e) If after such action the federal authorities will not meet our fair demands with respect to freight rates, trade adjustment and the fisheries, then we must carry our case to the Birtish government for such amendments to the British North America Act as may be necessary to ensure the welfare and existence of the people of this province.

There, Mr. Speaker, I submit is practically the same bill of rights—the same platform—which makes up the Maritime rights platform, the platform which the so-called Maritime rights ticket is pledged to support, namely, that a thorough and competent inquiry should be made into our trade and our fisheries and our taxation, into the economic system of Canada as it affects our province, and into the utility and status of the Intercolonial railway. That, to my knowledge, is the only thing that was ever suggested in connection with this Maritime rights problem as a policy or as a platform until we came to this House and found hon. gentlemen opposite saying they were sent here as Conservatives to support the old Conservative party and its leader.

Mr. FOSTER: Might I ask a question? What was the hon. gentleman reading from?

Mr. HATFIELD: I was reading first from a resolution passed by the Armstrong government near the end of its last session and then from the published platform of the Conservative opposition in that campaign, which appeared in all the papers of Nova Scotia.

Mr. FOSTER: In the local campaign?

Mr. HATFIELD: Yes.

Mr. FOSTER: I want to say, Mr. Speaker, that I have not heard of it before, and did not see it.

Mr. HATFIELD: Perhaps that accounts for the position my hon. friend and his friends are now prepared to take on this question. I am sorry to think that there is an hon. member in this House representing a Nova Scotia constituency who has never heard of the platform of the party to which he belongs.

Mr. FOSTER: That was not my platform.

Mr. MACDOUGALL: Might I ask the hon. member which of the two platforms he supported last June?

Mr. HATFIELD: It would not have made any difference, because they were both alike. As a matter of fact I was consistent, and voted for the Liberal candidates.

An hon. MEMBER: Always!

Mr. HATFIELD: Always, because I believe the solution of Maritime difficulties is to be found in the policies of the Liberal party.

Mr. HANSON: Would the hon. gentleman be good enough to tell us—

Mr. SPEAKER: I think it is hardly fair to the speaker to interrupt him continually. It is different if he allows the interruptions, of course, but during a debate it is not the proper thing to cross-examine the hon. member who has the floor.

Mr. HATFIELD: My hon. friend asked me which policy I supported. I will tell him that I said in my platform and put in all my campaign literature that on two issues I asked for independence; first, on all issues which were strictly of a moral character, and secondly, all issues pertaining to the province of Nova Scotia. I said then, and on this ground I stand now, that if this government fails to bring down legislation which will assist in solving the problems of Nova Scotia I will use every legitimate means in this House of Commons to resist.

Mr. PRESTON: My hon. friend had better get busy, then.

Mr. HATFIELD: If my hon. friend will permit me to say so this government has done the only thing done by any government to help Nova Scotia. They have appointed a royal commission.

Mr. MACDOUGALL: Another commission?

Mr. HATFIELD: Yes, another commission. Do my hon. friends repudiate the policies of their own party, when they made that the very foundation of the whole business? I have here an article taken from the Halifax Herald in respect to this matter of a commission. I was going to come to it a little later, but my hon. friends are impatient and will not wait. I have copies of articles appearing in the Halifax Herald over the signature of Hon. J. F. Cahan, who is now a member of the Rhodes government in Nova Scotia, and who I think, is the only minister of the crown enjoying the unique distinction of having special legislation passed to enable him to become an assistant minister. That was done in the province of Nova Scotia, and Mr. Cahan says:

> The candidates who will oppose the government in the coming election are pledged to obtain: "a thorough and reliable report on the natural resources and assets of the province" and "a competent, independent and authoritative inquiry into the economic conditions of public and private business, the status and utility of the Intercolonial Railway; the merits, records and results had, and probably to be had, from the economic system of Canada; their effects upon business interest; and prospects of Nova Scotia, including the cost of living and the cost of production."

Everything in connection with Maritime rights establishes that all these issues should be submitted to an independent committee, commission or inquiry, entirely free from partisanship and politics. My hon. friends have very quickly forgotten the position they occupied such a short time ago. They repudiate their own leaders; they repudiate their own platforms and say, "We don't know anything about it, we have forgotten so quickly." You cannot expect much, Mr. Speaker, from a representation in this House composed of men of that description. If my hon. friends will take it good naturedly I have still another evidence which may convince them that this is not a party question. The father of Maritime rights, Mr. W. L. Hall,—"Laurie" Hall, as he is called in Nova Scotia—led the Conservative opposition all through the fight, until the going looked good and it was thought that there was a prospect of getting into power. Then a certain gentleman came from Ottawa and usurped the position held by Mr.

Hall, taking the throne himself. Both these gentlemen are on record in connection with their independence on this question, and with the permission of the House I would like to read what Mr. Hall said, speaking at Truro. Perhaps the hon. member for that constituency will recall the visit of Mr. Hall, who was on the platform with Mr. Rhodes. This is what he said about the affiliations of the candidates of his party:

> It would be hard for him to say what would be the remedy, but if the Conservatives were returned to power they would appoint a commission to investigate—

Then he goes on to say more, and this is tragic:

> He is not prepared to say just what fiscal policy is best suited for Nova Scotia, but he was ready to repudiate his stand on protection if, after being in office—

Do not forget that, because it is all conditional on their being in office.

> —and ascertaining the needs of the province—

Which he admittedly does not know and will have to get from this commission.

> —he find free trade most beneficial.

Couple with that the declaration of my hon. friends here, who say that the main, outstanding and salient point which should govern our attitude here is strict adherence to the old Conservative policy; I think my hon. friends had better revise their conduct and have a get-together meeting to find out why they are here and what they are supposed to do.

Now, Mr. Speaker, I am going to take the plunge which my right hon. leader took when in Nova Scotia, and ask, "What are Maritime rights?" I am going to place myself in the judgment of this House when I say that, after listening to all the hon. gentlemen opposite from Nova Scotia expatiating and expounding on this question since they have been here, I do not believe a single independent member of this House can take pencil and paper and write down a clear-cut, concrete summary of what Maritime rights are. We have heard the hon. members from Cape Breton Island, and I have no fault to find with them. It is perfectly natural; since they do not know why they are here, I can quite understand why they do it. They say this is the whole trouble with the Maritime provinces: We want a duty on coal and on steel. Unquestionably that is what their people want them to say; therefore they say it. We come down to Pictou, and the hon. member for that constituency (Mr. Cantley) made a similar statement, and his interests are that way. Then we come to the port and county of Halifax, and hon. members representing that constituency say: No, the big thing we want is Canadian trade through Canadian ports; that is why the province of Nova Scotia languishes; we have got to have the port of Halifax serve as a sort of sieve through which all through freight must pass. Well, Mr. Speaker, I have yet to be convinced that any policy which does nothing more for a province than to let freight originating in another province and destined for another place pass through it is basically and fundamentally a sound policy on which you can build up industry in any province. What we must do, in my judgment, is to find policies that will originate freight in the province of Nova Scotia; then we have done something worth while.

There was another hon. gentleman who spoke. Oh, he says, that is not it at all. He was making a very weighty argument, and a good one from his point of view; he was on the question of freight rates, I think. The hon. member for North Waterloo (Mr. Euler), and a more courteous member we have not in this House,—he never interrupts a speaker except to ask a very pertinent question, and he asks it always in a very gentlemanly way—rose in his place and said: "What would my hon. friend suggest as a remedy?" What was the answer? Unwittingly, I think, the hon. member told the truth. He said: If my hon. friend will induce those who occupy the treasury benches to come over on our side of the House, and let us over on that side, I will advise the government—meaning, I take it, Mr. Speaker, that the main, outstanding, salient point which is going to guide his conduct in this House is to get into office—like Mr. Hall, down in Nova Scotia, who said: Put us in office, and then we will do these things—notwithstanding that his colleagues had said: No, we are the committee to settle this question and we are going to settle it on the floor of this House, and the hon. member for Pictou (Mr. Cantley) said: "We will keep the House in session all night if necessary in order to get the pay for our cow." Yes, Mr. Speaker, it makes all the difference in the world whether you are on this side of the House or on that.

My hon. friend, however, went a little further, and I rather regret that he did. I think he should not have done it; I hope he will not do it again. He rather suggested what we as boys called dirt. He said: "And I will not ask for a portfolio either." He went out of his way to say that; it was not called for at all. Just out of the egotism, I suppose,

that he possesses, he thought: That is the thing to say, and I will say it. But he said more than that. He said: I will be content to advise the government from the very fringes of my party. I want to say to hon. members that if they will take the records of this House and observe from them the conduct of my hon. friend when he had a seat in this House, they will appreciate what he means when he says: I will be content to hang on to the very outskirts of my party if they will only take me back. I regret that the hon. gentleman said that respecting the hon. member for Waterloo.

My hon. friend from Cumberland went further even than that. He said: So far as I know, my leader is the only leader of any political party who up to date has given us any tangible and specific remedy for the ills which afflict the Maritime provinces. Well, having expatiated and expounded on the ills of the Maritime provinces as he did, one would almost have thought that he would have taken the House into his confidence and told them what that policy was, but you can read his speech from Genesis to Revelations and you will not find another reference to it. He should at least have done his leader the honour and credit of stating what that policy was. But there is not a word about it. The fact is, his mind and his lips could not work fast enough to denounce the Prime Minister of this country. The Prime Minister came down to Nova Scotia, he said, and asked, what are Maritime rights?—or words to that effect. My observation has always been, Mr. Speaker, that the man who undertakes to bolster up his own case by pulling down his neighbour's has a mighty poor case of his own to bolster up. While I did not have the honour and privilege of listening to the right hon. leader of the opposition when he was in Nova Scotia, I did read the substance of what his remedy is, and I hope no one will repudiate it if I take occasion to recall it.

Mr. LAPOINTE: Oh, he was misquoted.

Mr. HATFIELD: In effect it was this. He said: The trouble with Nova Scotia and the Maritime provinces is that you are denied the markets of central Canada. The fathers of confederation intended that through the operation of the Intercolonial railway you should have those markets, but the freight rates have been made excessive, and you are denied the central markets of Canada for your production. My remedy, he says, is that we reduce those freight rates, and whatever loss comes to the railways in consequence the general treasury of Canada will make up. That sounds pretty good, Mr. Speaker, until you look into it. I took occasion, just as an ordinary business man, not with any particular knowledge of these things—I cannot deal with these highfalutin things, freight rate structures and all the rest of these scientific terms—but as a man who has some production in the province of Nova Scotia for which he wants markets, I can consider this as a business man would have to consider it. So I said to myself: What are the products for which we want markets in the central provinces? Which of our products can be successfully marketed, say, in Ontario? Now the production of Nova Scotia runs to about $145,000,000 or $150,000,000 a year. Agriculture accounts for something like $22,000,000 to $25,000,000; coal, about $19,000,000 or $20,000,000; steel products, about $12,000,000; timber, about $12,000,000; and fisheries, about $10,000,000. Now let us take the products of the farm. Does anybody suggest for a moment that the dairy farmer of Nova Scotia can successfully find a market for his butter in Ontario? Why, the very competition he endures in Nova Scotia now is the competition from Ontario butter laid right down on the counters of the stores of Nova Scotia and sold in competition with our own butter. Does anybody suggest that we could successfully find a market for our beef animals or our beef in Ontario? Obviously that cannot be done, because the very competition we endure down in Nova Scotia in the beef proposition is Ontario beef. The price we get for our beef in Nova Scotia is what Ontario and western beef costs laid down at the vendors' stores. That is what determines our price. Could we successfully market our fruit, our apples, for instance, in Ontario, where they have millions of barrels for export? Could we find a market in Ontario for our smaller fruits, for strawberries? We ship from my county thousands of bushels of strawberries every year to the United States and go over the tariff, Mr. Speaker, to do it. The hon. member for Argenteuil, speaking the other day on this question of strawberries, said: What we need to do in order that our appetites may not become satiated with American strawberries is to jack up the tariff to a level with that of the United States. Then the hon. gentleman spoke of peaches. He said he was dining at the Chateau Laurier and enjoying a splendid dish of peaches until he found out the peaches were canned in the United States. Then, Mr. Speaker, I think the hon. gentleman must have had a nauseating experience of some sort because he retained such a keen recollection of the incident. Now, I have been interested in the

export of strawberries in my day, and I took occasion to look up the tariff. I went to the Finance department and asked Mr. Russell if he would give me the duties on strawberries and fruits. I have the figures here in his own handwriting and these are the facts: The duty on strawberries coming into Canada is two cents a pound. The duty on strawberries going into the United States is one and a quarter cents a pound.

Some hon. MEMBERS: Oh, oh.

Mr. HATFIELD: So, Mr. Speaker, if we were going to engage in a levelling up process with respect to the duties we would have to cut three-quarters of a cent off our duty. With respect to peaches this is what I found: The duty on peaches entering this country from the United States is one dollar per hundred pounds. The duty on peaches entering the United States is half a cent a pound. There again, Mr. Speaker, if a levelling up process takes place we will have to cut our tariff in two. I hope my hon. friend (Sir George Perley) will not experience that nauseating feeling again when he next purchases peaches at the Chateau Laurier.

Mr. GOTT: Will the hon. gentleman go a little further and give the duties on tomatoes?

Mr. HATFIELD: I am not talking about tomatoes; the hon. member for Argenteuil said nothing about tomatoes. We do not grow tomatoes in the province of Nova Scotia to any great extent so far as I know, certainly not in my own section of the province. What I am talking about is the policy of the leader of the opposition who says that we must get markets up here for the products of Nova Scotia.

Mr. GOTT: Is the hon. gentleman not aware that the United States customs officers can put an embargo on peaches overnight?

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: Do not butt in.

Mr. HATFIELD: Will my hon. friend tell me what that has to do with the getting of our products into central Canada by the process of cheapening the freight rates?

Mr. GOTT: Give them their own markets.

An hon. MEMBER: What about fish?

Mr. HATFIELD: I will come to fish in a minute.

Mr. GOTT: I will answer your question if you will permit me.

[Mr. Hatfield.]

Mr. HATFIELD: You have made half a dozen speeches of this kind already. Let me make one. This is my first speech in five years. Does anybody suggest for a moment that through the process of cheapening freight rates we can ever find a market in Ontario say for the timber and lumber we have in the province of Nova Scotia? It cannot be done. What about the products of the mines, the coal mines? Whatever solution you find for the difficulties of the coal mines—heaven knows I hope you will find one; I am depending on the royal commission to find a solution—you will never settle the situation there by the process of cheapening the freight rates. No government ever did it, and no government ever will do it.

Now as to fish. Can we, through the process of cheapening the freight rates, ever find a sufficiently large market in central Canada for our fish so as to enable us to build up a great fish industry in the province of Nova Scotia? Hon. gentlemen must take this fact into account: The man who catches the fish gets from one to two cents a pound for it. Afterwards there is a shrinkage in the fish to the extent, perhaps of forty or fifty per cent. Finally it is sold up here for twenty-five cents a pound, and the freight amounts to $1.80 per hundred pounds. You can see from these figures where you are going to get in, undertaking to create a big demand for fish in the central provinces through the process of cheapening the freight rates. If we are ever to have a market established here for our fish there must be a lessening of the spread between the price as paid to the producer and what the consumer has to pay for his fish.

Will my hon. friends from the Maritime provinces suggest that we could find a good market up here for our live lobsters? Not at all, the thing is ridiculous. And so we might go on through the whole list of our products. There is nothing in the idea. We could not get profitable markets in central Canada for our products even if nearly every dollar of freight charges was removed.

But there is another side to the question and that is that if you cheapen the freight rate to the central provinces you must also cheapen it on the way back. That will make it more difficult on our part to meet competition; we cannot get away from that fact. If you cheapen the freight rates to Nova Scotia our producers have got to accept lower prices. Let me relate to you a little incident that came to my notice during the election campaign last October. In a pine grove in a strictly rural section of the county of Shel-

burne there was a hall in which we held a meeting, and I noticed that the interior had just been sheathed with pine sheathing. Having been engaged in woodwork in my younger days I had some knowledge of the good milled woods. I saw at once that this wood was well milled and I said to one of the party, "From what mill does that sheathing come?" He replied "We did not buy it here". I asked "Where did you get it?" And what do you think he told me? He said "We bought it in Ontario". Every bit of that pine sheathing was bought in Ontario, the freight to Nova Scotia was paid on it, and it was taken up into that rural district into the very heart of a pine district. There was a stream near on which there were two saw mills, and there was a woodworking plant in the same county. But those mills could not compete with the Ontario product. That kind of thing cheapens the cost of articles produced in Nova Scotia, and makes competition that much more difficult for our producers. The "cure all" policy of my hon. friends opposite will not work. Its effect will be the same as in the case of all Conservative policies as far as the province of Nova Scotia is concerned; that is to say, it is all for central Canada and has nothing in it for the Maritime provinces. That is the way this policy will work.

9 p.m.

Perhaps you will permit me to tell you a little story as a relief to the dry details I have been presenting. I do not know whether it is permissible under the rules to tell a story.

Mr. ROGERS: It all depends upon the story.

Mr. HATFIELD: It seems, Mr. Speaker, that in a certain home there was an infant which, in spite of the fact that it was given plenty of good nourishing food, wasted away and did not thrive. A specialist was called in who made a careful examination of the infant and then said, "It is a perfect specimen. I cannot for the life of me see why this child does not thrive on the nourishment it is receiving." One day, by accident, the secret of why the infant did not thrive was discovered. The nurse having given the baby its bottle had gone out of the nursery to attend to some other duty. However, she had occasion to return almost immediately and then she made the discovery. It seems that in this home they had a pet monkey which had learned just about what time each day the baby was fed. Accordingly he secreted himself and on this particular day; when the nurse went out he slipped into the cradle, took the nourishment from the bottle, and in order to quiet the crying baby put the end of his tail into the infant's mouth. That is the effect of my hon. friend's policy. Ontario gets the cream and grows fat, and we get the monkey's tail and starve.

My hon. friend said that the Prime Minister came to Nova Scotia in all his ignorance, although he did not use that expression; and he said: "What are Maritime rights?" It was my good pleasure to listen to the Prime Minister when he made that speech, and even as politics are played in Nova Scotia our Conservative friends did not play the game. They divorced those words from the whole setting, the whole context of what the Prime Minister said. They singled out that one phrase: "What are Maritime rights?" and they said: The Prime Minister is ignorant on that subject. I never listened to a better speech on Maritime rights than the one which the Prime Minister made on that occasion. He said: "What are these Maritime rights that our Conservative friends down here accuse us of absolutely disregarding? I recall perfectly that the Maritime provinces sent a delegation advertised as being one thousand strong to my government. Before they came to the government they got together and they said: 'We are going to centralize on one great big over-shadowing Maritime right. So great is it that the others are not worth mentioning. We are going to concentrate on that one question and put it up to the government?' " What was it? It was that the Mackenzie King government so frame their policy in regard to the British preference that all British goods coming into Canada would have to enter through Canadian ports direct in order to get the benefit of that preference. The Prime Minister said: "When you got to Ottawa you found that through the wisdom of our legislation we had already provided that very thing for you, with the exception of a fraction of one per cent—so much so that you did not make even half a fight in connection with that question." Let me say in passing that this budget proposal takes care of the fraction of one per cent and makes it a statutory measure. The Prime Minister went on to tell us what his conception of the Maritime rights are. This is it and I believe conscientiously and frankly he is basically and fundamentally right. He said, as we say: "I do not think you can depend on the central markets of Canada for your production in this province. What you require is the overseas markets. You must have the markets of the United States, the West Indies,

Australia and the markets of the other dominions."

The other night we listened to a speech by the hon. member for Pictou who portrayed very vividly and correctly the great prosperity which prevailed in Nova Scotia in those old days when we were trading—where? In central Canada? No; we were trading with the nations of the world. My hon. friend said that Nova Scotia ships were to be found on every ocean trade route in the wide world and he was right. What we need is a return to those conditions. I am not going to discuss the merits or demerits of the treaties which have been made; that is another argument; but I say that the Prime Minister is fundamentally and basically right when he says as regards Nova Scotia: You will have to get those international markets and your trade must be international.

I am speaking longer than I had intended, but I want to make an illustration of just one commodity that we produce in Nova Scotia in order to show hon. members what can be done if we secure those overseas markets. Let us take the question of fish, about which my hon. friend opposite asked me. If you go to the Marine department under this government and ask the director of fisheries and his assistants what the prospect is for a market for our fish in England, you will be astounded at what they will tell you. They will tell you that the markets of England can easily take care of 1,000 tons of fish a day. We can start that market on 100 tons a day. The market is there ready for us; it is not a market that has to be built up. The fish merchants of England, I am told, will take care of their end of the business; the transportation between Halifax and England will also be taken care of, and what we must have is government assistance at this end. This government must step into the breach and help us in Nova Scotia to build up that great fish industry.

I was going to say that the hardy fisherman has altogether too few friends in this parliament; I am going to revise that and say that I do not believe there is a single member in this House of Commons who is not an absolute friend of the fisherman, but the difficulty is that we apparently have too few members who understand the fisherman's problems and who are in a position to promote his interest in this House. I understand the hon. member for Digby-Annapolis (Mr. Short) made some reference to the fisherman the other night and made an appeal for him. This is a question on which we should not draw party lines at all; we should be of one mind in regard to this great industry. But do hon. members know what is required? I am told that if we are to develop that market we shall have to come to the government and ask for about $1,000,000 covering a period of a few years. If I were to come here and ask this government for $1,000,000 they would have me examined by a specialist to see what peculiar form of insanity I was suffering from. True, we will spend millions over in the Old Country to bring settlers to Canada in order to settle them on the waste lands of Ontario and the west.

Mr. MACDONALD (Richmond): Maritime rights.

Mr. HATFIELD: If that is not Maritime rights it is just about what I would expect my hon. friend would state.

Mr. MACDONALD (Richmond): I am agreeing with the hon. member.

Mr. HATFIELD: Is it nothing to hon. members opposite that the fishermen of Nova Scotia be helped to find a market of 1,000 tons a day for their product?

Mr. SMITH: In speaking about overseas markets, what overseas market would the hon. member suggest that Nova Scotia sell its coal in?

Mr. HATFIELD: I told my hon. friend a moment ago that I am not going to be drawn into an argument on the merits or demerits of any policy. Fundamentally and basically the Prime Minister is right when he says that Nova Scotia must go overseas for its market.

Mr. SMITH: Answer the question.

Mr. STEWART (Edmonton): Tell him about the fish.

Mr. SMITH: We are more interested in Nova Scotia coal.

Mr. HATFIELD: The hon. member is, and that is why he comes here and swears allegiance to the protectionist policy. That is why he is where he is.

Mr. SMITH: I would like to inform the hon. member that I swore the same allegiance to my constituents.

Mr. SPEAKER: Order. The hon. member is out of order.

Mr. SMITH: Mr. Speaker—

Mr. SPEAKER: Unless the hon. member is rising to a point of order, he is out of order.

Mr. SMITH: I am rising to a question of privilege. The hon. member suggests that I did something in this House that I did not do in the constituency from which I come. I deny that. I say that I proclaimed in my constituency the same policies that I proclaim in this House.

Mr. HATFIELD: I am not going to enter into any argument with my hon. friend on that. I do not know what particular argument he made in his constituency. I have read to the House the documents.

Mr. SMITH: The hon. gentleman has no documents of mine that he is reading from.

Mr. HATFIELD: I said that is the policy to which the Maritime ticket is pledged, if we can believe the organ down there which is the mouthpiece of his party. I am not going to be drawn away from this question of fisheries. If my hon. friend has no interest in the fishermen, I have.

Mr. SHORT: May I ask the hon. member a question?

Mr. SPEAKER: The hon. member for Shelburne-Yarmouth (Mr. Hatfield) is always very courteous and I am sure he wants to be as generous as possible, but in the interests of orderly debate I cannot allow these numerous questions and all this cross-examination. It is not proper and it certainly is not conducive to satisfactory debate. I must ask hon. members to allow the speaker to conclude.

Mr. HATFIELD: I assure you, Mr. Speaker, I shall soon be through. To come back, however, to the fishermen, I am credibly advised—I am not giving you my own opinion—that without any difficulty whatever the production of the fishing industry of Nova Scotia can quite easily indeed be increased tenfold. We have in Nova Scotia a production of $10,000,000 in fisheries out of a total annual production from all sources of $145,000,000. Multiply that by ten and you get $100,000,000 of new wealth, as my hon. friend for Hants-Kings (Mr. Foster) suggested the other day. Again, we have a fishing population of 20,000, which multiplied by ten would give us an increase to 200,000 persons interested in the fishing industry in that province. I ask hon. gentlemen in all fairness whether that is not something to which we should give, fair unbiased and honest consideration without reference to party interest. When this question is properly studied and the right course is pursued, and when we get a square deal from all sides of the House, the fishermen of Nova Scotia will come into their own.

Now, I had a good deal more to say, but I will not constitute myself a nuisance.

Some hon. MEMBERS: Go ahead.

Mr. HATFIELD: No, I will be brief. There are however, two or three things further which I feel it necessary to touch upon. My hon. friend made some reference to the fiscal policy of the country. Let me say quite frankly that I am not going to make any mere theoretical arguments in respect of the tariff, for I do not attach much importance to that sort of thing. I am not so foolish as to suppose that under no circumstances whatever can there be any virtue at all in a protective tariff. And by the way, what do we mean by protection? One man who advocates protection himself may be apt to call the other fellow a protectionist also, but surely there is a dividing line. In my view, any tariff levied against imports of goods manufactured in this country is protection even though it be only a tariff of one per cent. It is protection to that extent, at any rate, and if it is 50 per cent, then obviously it is high protection. If you ask me whether I am a protectionist in the sense of affording a reasonable measure of preference, then I say absolutely I am; but if by the question you imply that I should endorse any tariff high enough to shut out all imports, to abolish competition, and to turn the great consuming public over to monopolies and combines, then unhesitatingly I declare I am not a protectionist. As I say, I do not hold the view for a moment that under no circumstances at all is there any virtue in a protective tariff, because when we turn to the country south of us we find a nation who are doing well under high protection. Neither, on the other hand, am I going to argue that there is nothing in free trade to recommend that policy. I do not say that there is no virtue in free trade as it is practiced in England. Indeed, we have only to study the economic history of that country to find that nation has been able to build up the most enormous trade and the most extensive commerce in the world under free trade. Holding these views, I am bound therefore, to conclude that somewhere between the two extremes we must find the remedy, and my conviction is that in order to arrive at the most satisfactory policy we must take into account all the circumstances and the conditions under which the tariff must function. That is the point I want to make so far as the province of Nova Scotia is concerned. In that province we are so situated geographically that it is impossible for us to prosper under high protection, and in my judgment that is what is mainly responsible for our troubles. Take the automobile industry, for example. You could not establish an industry

for the manufacture of automobiles in the Maritime provinces; you would be obliged to come to upper Canada, the centre of distribution and population. Competition alone would **force you to select** that field. Nor **could we supply the market created by** the new industry in Ontario with our production under competition. But, under present conditions, when we buy an automobile we are compelled to pay the tariff and all surcharges, and that is the tragedy of our situation in Nova Scotia. We have to buy from a highly protected market everything we require, and sell in competition with the wide world. The province of Nova Scotia simply cannot exist under such conditions.

My hon. friend referred to the royal commission on Maritime rights. I cannot for the life of me understand why it is that hon. gentlemen opposite do not hail the appointment of a royal commission as a great Maritime victory, to use the Halifax Herald's description. It is undoubtedly a great victory for the Maritime provinces. There has never at any time been an organization of any kind in the Maritime provinces that considered the question of Maritime rights on a wide scale, that did not preface everything it had to say with the opinion that an investigation must be made, and by an authoritative commission independent of party politics. And that is the basis of a proper investigation. My hon. friends' associates in Nova Scotia are not averse to commissions. What did Premier Rhodes do? Speaking as a Liberal I am going to concede a good deal and admit that he did a very wise thing when he went overseas and got Sir Andrew Duncan to come and investigate the coal strike. Sir Andrew was well received in the province of Nova Scotia, and his report was given careful consideration, and this because the public knew that he was not tied by political strings but was entirely free to investigate the matter as he thought fit. They therefore accepted his verdict. I say, therefore, that it is an earnest of good faith on the part of this government that they should select Sir Andrew Duncan as head of the commission to inquire into the Maritime situation from the national standpoint. Hon. gentlemen say that they want this to be an inquiry of the House of Commons; they want members of parliament on the investigation. Let me tell the House that the Rhodes government appointed a committee of members of the local legislature to inquire into certain questions affecting the agricultural industry in that province. These gentlemen came to my county and held an inquiry into agriculture there and the people pleaded with them to do something to put

[Mr. Hatfield.]

our district under the restricted area, having it declared free from bovine tuberculosis. When the commission reported back they treated this request with silent contempt; it is not even mentioned in their report. I am told that what they did recommend in substitution was that every one of the farmers of Yarmouth and surrounding districts should keep a colt! That is the solution they offered the farmers there for their difficulties in connection with their troubles. The farmers in western Nova Scotia know very well that it costs twice as much to raise a colt to salable age as can be procured for it when sold, and that if they followed the advice of the commission, instead of making two blades of grass grow where one grew before they would simply be pulling up the one already there and leaving only a hole in the ground.

Now, is there anything in this budget that hon. members from Nova Scotia can vote against? Can they vote against the abolition of stamps on receipts, against the reduction of the sales tax, against the reduction of the income tax, against penny postage? Above all, can they vote against the provision in connection with the British preference with regard to the entry of goods into Canada from the United Kingdom direct through Canadian ocean or river ports? Can they do it, Mr. Speaker? If I would not be misunderstood, I should like to ask: Dare they do it? What will they do with the reduction of the duty on automobiles? We know what they did in the last parliament; almost to a man they stood up and voted for it. The hon. member for Halifax (Mr. Black), who represented the Conservative party of Nova Scotia in that parliament, went out of his way to state his position. He said this, Mr. Speaker, and, mark you, the tariff on automobiles was not under discussion at that time. As I say, he went out of his way to make this statement:

> I protest just now against the protection given to automobiles. It is beyond all reason that you can go across the line and buy a machine for half what it costs when you have to buy it in Canada. That protection is not what it should be.

What is he going to do in this parliament with respect to this matter? I am told that some hon. gentlemen opposite made a canvass in their campaign and said—I cannot vouch for this— that that was what they believed in and what they were going to support. If there is any single issue our hon. friends will be watched on—and I do not want to intimidate them—it is as to what they are going to do in regard to the reduction of the tariff on automobiles.

Now, my hon. friend mentioned confederation. I do not intend, Mr. Speaker, to go into the history of confederation as respects Nova Scotia. Every hon. gentleman knows that we did not go into confederation voluntarily. We were not permitted to give an opinion on the question. Mr. Fielding said in this House in my hearing that we were booted and kicked and sold into confederation. Sir, we were not sold, because a sale always involves a consideration, and we received no consideration. We were simply given into confederation. But what happened then? The best thinking people of the province, once we had become a part of the Dominion, said, "We will undertake to build up a sound, sturdy Canadian sentiment in the province, we will try to make our people Canadian." And so they put it in their literature and taught it in their schools and their press, and they succeeded. But just the same there is another sentiment in Nova Scotia. They are not satisfied with the way in which they came into confederation, they are not satisfied with the relative progress, I was going to say, but rather, lack of progress, which has taken place since. So there has grown up quite parallel with the one sentiment that other sentiment of unrest and discontent; and if a certain resolution moved in the local legislature a few years ago looking towards secession had been allowed to get its head above water, my conviction is that we would have been astounded at the result of the referendum which was proposed in that resolution. Not that I suggest for a moment, Mr. Speaker, that that would have been the sane, serious, sober, considered opinion of our people; I think it would not have been that; but, with the unrest down there and the propaganda that would have been used, our people would have been swept off their feet on this issue, and that is why that resolution was not allowed to be proceeded with.

But, Mr. Speaker, this question of confederation is one which I am sure, every hon member in this House and every hon. member in the Maritime provinces should take very seriously. Our people will never support secession unless every last resort has been exhausted. But should they do so it will not be with gladness; it will be with sorrow and very grave regret after every possible avenue of escape from such a grave step has been sought. But, Mr. Speaker, if the public men of Nova Scotia continue to play party politics with this grave issue, then the great union which forms confederation will always be threatened and in doubt. If the interests of the province are to be sacrificed upon the altars of political partisanship, then confederation can not and will not endure and, I go so far as to say, confederation should not endure. But if our public men will rise above their party prejudices and their party passions, and will earnestly seek for the light, I am sure a way will be found. When the province of Nova Scotia can march shoulder to shoulder and step to step with the sister provinces on the road of national prosperity and national development which we all hope for, then and only then can we strike the word "secession" for all time from our vocabulary so far as Nova Scotia is concerned.

Hon. S. F. TOLMIE (Victoria, B.C.): Mr. Speaker, it had not been my intention to say anything on the budget, having spoken at some length on the Address a few weeks ago. However, there are one or two points which I desire to bring to the attention of the House, and on looking over the resolutions which will come before us in committee a little later on I find I shall have no opportunity there to express myself, so I am compelled to take advantage of this occasion.

I was very much interested in the eloquent address of the hon. gentleman who has just taken his seat (Mr. Hatfield). He stated that it was his first speech in five years. He certainly has done very well indeed. I was rather struck, however, by his remark that Nova Scotians were nurtured in their youth by sucking a monkey's tail. I glanced around the House and the first man I caught sight of was the Deputy Speaker, then I noticed the fine looking specimens from Nova Scotia on the government side, and also the equally fine specimens on our side, and I came to the conclusion that it must be a pretty good monkey.

The hon. gentleman's statement with regard to what was said during the election by the hon. gentlemen from his province who now occupy seats on this side of the House interested me too, because apparently what they had to say on that occasion was very successful indeed and was accepted by the people of Nova Scotia. So far, then, as to following the platform of our right hon. chief, I would say that he has declared himself quite clearly for Maritime rights, and therefore hon. gentlemen from the Maritimes on this side of the House have every reason to follow the present leader of the Conservative party with the fullest possible confidence that he will give to Nova Scotia and other Maritime provinces their rights when opportunity offers.

I was astonished by one statement made by the hon. gentleman to the effect that the

solution of Maritime rights lay in the hands of the Liberal party. For a moment I was staggered, because I was wondering what the Liberal party in Nova Scotia had been doing for the last forty-two years, and I thought that if they do not do any better in the next forty-two years all of us will have passed away and it will not matter very much.

Now, with regard to the budget, the government in preparing it has ridden absolutely true to form as far as keeping its promises is concerned. In 1919 at their great convention held in this city the Liberal party made promises which they failed to carry out when they obtained power. Then again on the hustings during the last election and on many occasions since, finally in the Speech from the Throne, the government made a clean-cut declaration to the effect that nothing drastic would be done with the tariff until the tariff board had given each specific case careful consideration and reported to the government. As hon. gentlemen are all aware, after making that clean-cut declaration in the Speech from the Throne a tariff board was appointed in April, three or four months later, and eight days afterwards the government brought down the budget in which they took a directly opposite stand. Everyone knows that the Speech from the Throne is looked upon by the people of this country as being important; they consider that it carefully and thoughtfully outlines the policy of the government for the session, and in addition they make every effort to be present to hear this important declaration read. There is a fight for seats in the Senate, and you will notice that many members of the House of Commons appear here in their best bib and tucker, wearing their Sunday suits and with their hair done up a little differently from the day before. I remember a few years ago one man thought this such an important occasion that he appeared here in the middle of the afternoon arrayed in all the glory of full evening dress, and made a tremendous impression. That is just an indication of how important the Speech from the Throne is. But now we find that it has been entirely forgotten by this government; they have cast it aside, utterly ignoring the tariff board which they appointed, and taken a directly opposite course. So long as this government is in office we will find that there will not be very much importance attached to the Speech from the Throne, and it will become no more noticeable than the announcement of a new guessing contest appearing in our daily papers. After all, under present conditions, it is nothing more or less than a guessing contest.

[Mr. Tolmie.]

Another extraordinary statement was that the government had given the matter of the tariff on automobiles very careful consideration for a whole year. It is very remarkable that if they studied this for a whole year, in the month of January, after taking advice it is to be presumed from experts, they arrived at one conclusion, and in the month of April they completely changed around and came to another. The general understanding was that they had taken some advice, but they took it from the third group in this House, and it was offered in such a way that they could not refuse to listen. These conditions have a very serious aspect because that sort of thing breaks down the stability of business; there is an uncertainty prevailing among our business men; capital is afraid to invest here under these conditions because it is not known what sudden change is going to occur while this government is in office.

Some hon. members have tried to make us believe that the farmers of the United States, after giving careful consideration to the matter of the tariff, have come to the conclusion that they do not want any more protection. The hon. member for Qu'Appelle (Mr. Millar), speaking on April 22, made the following statement:

> I find now that the farmer bloc in the United States have turned against the high tariff and they are crying out against it. I believe they are appealing to congress to make a change.

Let us look into that statement for a moment to see if that is really the case. In connection with dairy produce we find that just a short time ago, when the large quantity of butter which had been held up in Australia and New Zealand through a seamen's strike was released and attempting to find a market all over the world, some of it was shipped into the United States. They promptly responded by placing a tariff of some twelve cents per pound against it, increasing their tariff from eight to twelve cents. That is just twelve times as much as our government think necessary in order to protect Canadian dairymen against the same butter, or three times as much as they think necessary to protect our farmers against American butter. In looking over the situation we find that practically everything the American farmer produces is under protection and that many of the articles he commonly purchases are absolutely free, with no tariff whatever.

There is one commodity, however, which has not been given protection; I am now referring to hides. We find that, when the Fordney tariff was introduced—and I may

say that the farmers took a very prominent part in putting that tariff through—some of the leading agriculturists objected to the tariff on hides because they thought it would raise the price of shoes. They did not realize that the price of hides has very little to do with the price of the finished product. It was also stated that the American farmer complains that the tariff affords the dealers an opportunity to fix prices. We find that many of the articles on which prices are fixed in the United States have no tariff whatever. I might mention gasoline, and many agricultural implements which are sold in zones according to the location of the market. If it is in Montana or the central western states there is a certain price set by the implement dealers at which the implements are sold, and on many of these articles there is no protection whatever. In the matter of rough lumber prices are fixed by the dealers and there is no tariff, while the same thing applies to shoes.

We find that after all the cost of distribution has more to do with the final price than has the tariff. According to the United States Department of Labour, out of every dollar's worth of bread sold in the United States—I am speaking now of wheat bread, and there is a protective tariff of 42 cents per bushel on wheat—the farmer gets 16.8 cents; the transportation companies get 4.4 cents; the elevator companies 0.8 cents; the miller 6.1 cents; the baker 57.4 cents and the retailer 14.5 cents. Accordingly it will be seen that the baker receives nearly four times as much as the farmer, the retailer gets almost as much as the farmer, and those two together receive 71.9 cents, or nearly three quarters of every dollar. It will therefore be plain that the cost of distribution is one of the reasons for the fixing of prices, and we find that there has been a tremendous increase in that cost. Rents are higher; taxes of all kinds have increased, and wages are very much higher also.

Now let us see whether the United States really wants a lower tariff. I mentioned the matter of butter a few moments ago, and I may say that the dairying interest of the United States is perhaps one of the largest branches of agriculture, owning 25,000,000 milch cows valued at $1,287,000,000. Then look at another section of the cattle business, that of beef cattle breeding, and see what they think of the tariff. On December 11, 1925, the annual convention of the California Cattlemen's Association was held in San Francisco, and a resolution was passed requesting congress to pass a bill imposing an import duty of 6 cents per pound on green hides and 15 cents per pound on dry hides. In the same month the Nevada Land and Live Stock Association held its annual meeting at Reno, when a resolution was passed favouring a tariff on hides and non-edible fats, two by-products of the packing house. Then the Texas and Southwestern Cattle Raisers' Association held its annual meeting at Fort Worth and passed a resolution demanding the imposition of an import duty of 6 cents per pound on green hides and 15 cents per pound on dry hides. To give you an idea, Mr. Speaker, of what that proposed tariff really means, let me say that green hides were selling in Calgary last week for 5 and 5½ cents a pound.

The New Mexico Cattle and Horse Growers' Association, at their meeting held on March 15 and 16 last, at Albuquerque, passed a resolution demanding an adequate duty on the importation of hides and canned meats. The Colorado Stock Men's Association, at their meeting held on June 13 of last year, emphasized that a tariff on hides was necessary, and made a protest against the continued purchase of foreign meats for the army and navy. I have here also a resolution passed by the Colorado Republican Association, asking for the same thing.

Here is a portion of a letter I shall quote to you, appearing in the Producer, the official organ of the American National Live Stock Association, published in Denver. This correspondent says:

> Nothing is really the matter with the hide market at this moment but the fact that the United States, by reason of free trade, is a dumping ground for the surplus hides and skins of the wide, wide world. The Canadian packer peels a hide from a steer, and sends it to this market free, that would have been taxed two cents a pound had it entered on the animal's back. During the nine-month period ending with September we imported hides and skins to the value of $77,581,000, compared with $54,551,000 during the corresponding period last year, which is one reason why the market collapsed.
>
> A reduced take-off may improve the situation, but, with South America, Australasia, Africa, and Asia dumping hides into this market, the prospect is anything but luminous. Consumers are paying war prices for footgear, and the shoe industry is bragging about prosperity. But for the fact that hides are a by-product of the cattle industry, the present situation would be intolerable. It is in striking contrast to the stout prop inserted under the sheep market by rising pelt prices.

These beef men that I have been quoting from have about forty million head of cattle under their control in the United States, valued at $1,052,000,000, indicating that they are a very important factor in the agriculture of that country.

No protests are received from the sheep men. They are enjoying great prosperity to the south of the line at the present time, and this was brought about by very heavy tariffs ranging from 50 to 100 per cent on wool. In addition to that, shortly after the war, when Australia and the Argentine were shipping lamb and mutton carcasses into San Francisco on the one side and into Atlantic ports on the other, the American people took hold of the matter promptly—they did not put off or argue about it or ask the advice of any third party; they promptly put on a tariff to keep out that mutton and lamb, and the sheep industry in that country is in consequence in a very fine condition to-day.

This matter of hides has an interest to the Canadian people. It shows the absolute folly of leaving a market wide open to be dumped into by all parts of the world. Just imagine $77,000,000 worth of hides being dumped into that country when these people already possess 65,000,000 or 70,000,000 head of cattle.

There is one other factor by which we can judge farming conditions on both sides of the line. With these two countries lying alongside each other, both speaking the same language, and living under practically the same conditions, we shall always find a certain amount of travel from one side to the other. If times are better in the United States, then our people will flock over there and settle on the land or go into business there. If times are better on the Canadian side, then we find our American friends coming north to locate on this side of the line. What have been the figures during the last four years regarding our immigration and emigration across the line ? During the four years ending 1925, 46,218 more people left Canada and crossed the line than arrived from the United States and settled in this country, indicating that our people were going to the country with the high tariffs, where things were protected, where the markets of the farmers were protected and taken care of by the government on that side of the line, as against wide open markets and low tariffs in this country, where we have to compete with Chinese, Japanese and low wage countries all over the world.

You will see by the figures that I have given that the American farmer, instead of wanting his tariff lowered or removed altogether as has been indicated by some of the speakers in this debate, is clamouring for an even higher tariff on many of the products of the farm.

[Mr. Tolmie.]

There is one other point, Mr. Speaker, that has interested me in this debate. I have been rather surprised to hear the home market sneered at in some parts of this House. Let us take a brief glance at our market situation. In Canada we have large areas of agricultural land, but we find that we cannot consume all that we produce here. We must find an export market for our surplus products. We have two opportunities on a large scale that are open to us, the one market lying to the south of the line in the United States and the other across the water in Great Britain. We find that the market to the south of us, the most convenient market, the one most easily and cheaply reached, is barred to us to a very great extent owing to the high tariffs prevailing in that country since 1922. We find, on the other hand, that to ship to the Mother Country necessitates in some cases, from such points as Calgary, for instance, the shipment of our live stock and other products many thousands of miles by land and many more thousands of miles by water before they reach that market in Great Britain. We must realize, too, at the very inception that this cost of transportation to market is charged in the sale of the product; that is, a deduction is made when the product is first purchased to cover that cost. Anyone would imagine that under those conditions in this country of large distances, with a sparse population, with more railroads than we can properly maintain at present, and with other costs existing in this country, our people would value at once the importance of developing a home market here which would give us the opportunity to sell many of our products within our own country without going to the cost of paying very heavy freight rates on our products to outside markets. Canada in my opinion is not going to thrive to the greatest extent by developing agriculture alone, although I have been connected with agriculture all my life and am a farmet yet. Canada is not going to thrive by the development of industry and manufacturing alone. But when we get these two working in combination, we have the one creating a very important market for the other, and in that way we can bring about a prosperity in this country that has never prevailed here before. I think the most fortunate farmer is the man who can look out of his window and see five or six smoke stacks in active operation within easy distance of his farm, guaranteeing to him a ready market right at hand for all of his products. Under those conditions he saves all

the extra freight that the man has to pay who finds it necessary to export his goods to market.

In the exportation of our surplus products there are three or four things to which we have to give careful attention if we are going to meet the competition in other lands. One is to see that we furnish in these markets our product in such a way as these markets demand. We must see that the quality is first-class in every respect. We must take care that the products are always of a uniform quality, being the same to-day as to-morrow and a year from now. Another point we must take care of is to see that we ship in sufficient quantities to meet the demands of the market, so as to maintain the sale of our products there, and be able to fill any further demand that the market may require from time to time.

The other day I was struck with a statement that was made here about the sale of our steers across the line. One hon. gentleman stated that we must have access to the United States if we were to get rid of a certain quantity of our cattle, because they were not acceptable in the British market. I admit that a large number of our cattle would sell better in the United States than in Great Britain, but there is one thing that we must not lose sight of, and that is that the farmers of the United States took a very active part in putting this Fordney tariff into effect and in placing this duty on live stock and other products, and they are going to keep those duties there just so long as they think they are going to benefit the American farmer. They are not going to lower the duty as the result of any appeals we may make to them. We would have to show them that they could make more money by lowering the tariff than by maintaining the present duty. These cheaper steers being barred from the United States—and they are not acceptable in the Old Country—the problem remains very largely in the hands of the Canadian farmer himself. His object then must be to improve the quality of these steers, first, by better breeding and then by better feeding. I want to emphasize the necessity for better feeding, for the reason that it matters not how well you breed a steer, if you starve him during his growing years you will find that you have only got a scrub steer. By good breeding and good feeding you can furnish a steer that will meet the market requirements in any part of the world. Let me point out too that the farmer is suffering a very heavy loss by producing animals of scrub quality and starving them in addition. In the first place he loses when it comes to marketing his cattle. During the months of September, October and November a large number of cattle are sent to market and their value will run from a cent and a half a pound to six and seven and even eight cents for animals of first-class quality at that time. In the first place the farmer loses in price on account of the poor quality of his stock, and in the second place he suffers an additional loss by reason of lack of weight, a result of having starved the animal.

There is one other point I should like particularly to refer to. I wish to endorse what the hon. member for Nanaimo (Mr. Dickie) had to say with regard to the manufacture of our raw products at home as far as possible. We all realize that this cannot be done in a day. We all appreciate the fact that a good many of our raw products will have to find an outlet in other markets for many years to come; but we can begin and manufacture as many of these products at home as we possibly can. Keep your dollar at home and get another chance at it is a very excellent slogan to follow. A dollar sent out of the country is gone forever, but spend a dollar with your neighbour across the street and you find that you will get that dollar back after a while. I was much impressed during the early Klondike days when Seattle was making a very strong effort to get much of the trade in the Yukon country. If a man went in there to outfit they never let go of him. If the store he went into could not furnish him with the goods he needed they phoned over to their rival across the street so that he could supply whatever was necessary. In that way they kept their dollars in Seattle, and Seattle to-day is one of the largest and most prosperous cities on the Pacific coast.

There is one other matter I wish to refer to, and that is the matter of cement. We have on the Pacific coast two large cement factories near the city of Victoria. One is located at Tod Inlet and the other at Bamberton. These plants, which are about two miles apart, are located about fifteen or seventeen miles northwest of the city of Victoria. Both were built up by Canadian and British capital; they are entirely British in their capital. They represent a total investment of about $3,500,000. The plant at Tod Inlet has been closed for a period of five years because they could not find a market for its product. The plant at Bamberton is running about three-quarters time, grinding up six hundred tons a day of lime rock and shale and manufacturing this into cement. Last year this

one factory spent $600,000 on wages and materials required in the process of manufacture, as well as in meeting taxation.

Now I wish to outline very briefly the process of the manufacture of cement so as to make my point clear when I reach it in a moment or two. These two kinds of rock, shale and limestone, are first blasted out of the bluff and the ground three times under what is known as the wet process. It is ground down until it is practically as fine as flour. It is now known as slurry. Then this material in its wet condition is put into large tanks. It there undergoes a thorough mixing and three or four per cent of gypsum is added for the purpose of preventing the cement from setting too soon when it is put into place. This mixing process is very thorough indeed. At this particular point the chemists make an analysis of the mixture in order to see that it is uniform in every possible respect. Then this material is pumped into long kilns that revolve very slowly, these kilns being about one hundred and eighty-five feet long and nine feet in diameter. The slurry goes in at one end of the kiln, which is slightly tilted. At the other end finely powdered coal is used as a fuel for firing, and a temperature of 2,700 degrees Fahrenheit is developed. The slurry passes down through the kiln and when it reaches the heated area the moisture is given off. When it is exposed for a period of about three hours to this high temperature it assumes what is known as the clinker stage. That represents seventy-five per cent of the process of manufacturing. All that is necessary afterwards is to grind the material into powder, and sack it. What we are dealing with just now is the fact that this material is being shipped from Japan in Japanese ships at a ballast rate which is merely nominal. It crosses the Pacific and comes into competition with the cement produced on this side. To give you an idea of what the competition is like let me say that the machinery required in the manufacture of cement in British Columbia is very expensive; heavy taxation federal and provincial, has also to be met. As to labour, white men are paid from $4 to $6 a day for a day of eight hours. The price paid for Japanese labour in cement factories in Japan averages only 98 cents per day and the workmen work from ten to twelve hours. The cost of production in Japan, therefore, is only a very small portion of the costs of the manufacture of this material in Canada.

10 p.m.

[Mr. Tolmie.]

Now, there is no chance for any of our humourists in the House to indulge in any of the old, stale jokes with respect to infant industries. This industry is not an infant industry at all. However, I wish to approach the consideration of this question from the broad principles that we want Canada to be a country in which we can pay decent wages, and where we can maintain a fairly high standard of living for our working people. One of the greatest attractions which this Dominion of ours presents is the fact that a man can come here, can work for reasonable wages, and if he is thrifty and will take care of his earnings—if he is a Scotchman there is no possibility that he will fail in that particular respect—he can very soon improve his conditions and surroundings, and by the time he has reached middle age or a little over he will be able to retire in comparative comfort. That is one of the attractions of Canada, and if we can only continue that attraction by maintaining a proper standard of living for our working people and paying them decent wages we shall not only be able to retain our own people but also attract desirable immigrants from outside. I do not want for a moment to hold up the idea that Canada should be known as a cheap country. I never saw a cheap mining camp that was any good; when it got to be a cheap community everybody left it. Neither have I ever known a cheap country that amounted to very much. If there are any persons in Canada who want to live in a cheap country let them cross to the other side of the Pacific where they can be accommodated at any point. We want to maintain Canada as a decent living country, where decent wages will be paid, where we shall have a reasonable standard of living and where we shall not experience oriental competition. The desirability of the last—named condition was recognized long ago in British Columbia where we have gone to the extent of passing certain legislation in order to exclude oriental competition from Canada. If that has been necessary in the case of orientals themselves, is it not more necessary to keep out the cheap products of oriental countries when they are brought into competition with the products of our own country? Why should we pay for the building up of homes in Japan? Would it not be far better to help Canada by building homes in our own country and furthering its development by having our natural products manufactured by our own people? Is there anything more ridiculous than the spectacle of a ship entering the ports of British Columbia

with manufactured rocks when there are three huge ranges of mountains extending from the far north to the American boundary containing enough shale and limestone to supply this whole continent with cement if it were necessary? Our inability to meet the situation is certainly no reflection on our workmen or on the people who own those industries in that part of the country. The matter is simply one of low standards of living and low wages, as I have tried to make clear in my previous outline of the subject. These are the things which make it possible for those countries to place their goods on our market at such a price that we cannot compete.

Just in closing I should like to call the attention of the Minister of Finance (Mr. Robb) to this particular situation and ask him to take such steps as are necessary to protect our working people and those who have money invested in this industry on this side to such an extent as to enable us to hold our own in this market. If necesary I would ask him to invoke the dumping clause if an opportunity is found of doing so.

Mr. W. D. EULER (North Waterloo): Mr. Speaker, this debate has already continued at such length that I feel a certain reluctance to prolong it. That is not said by way of criticism of either the number or the length of any of the speeches that have been made. Indeed, I should like to convey my sincere congratulations to the hon. member for Shelburne-Yarmouth (Mr. Hatfield) who delivered his maiden speech to-night. I believe all of us, regardless of party, will say that it is one of the best, most interesting and most informative speeches that have been delivered during the budget debate. If it was, as he says, his first speech in a period of five years. I would express the hope, I believe, of the House, that he do not continue to hide his light under a bushel for a similar length of time.

I feel that I can sincerely congratulate the Minister of Finance (Mr. Robb) upon his budget; upon the manner of its presentation and, with one or two reservations, upon the subject matter thereof. The people of Canada welcome his assurance that the credit of the country has never stood higher than it stands to-day; that the country is becoming more prosperous; that financial conditions are better; that we have a very large balance of trade in our favour, and that he has been able to make a substantial reduction in the national debt. I believe they received with still greater satisfaction his announcement of a reduction in taxation and with satisfaction fully equal to that, his statement with regard to the improved position of the National railway.

The National railways in the year 1925 show an operating profit of about $32,000,000, an improvement of $15,000,000 over 1924. It should be remembered that that excellent showing is made in face of the fact that there was a substantial reduction in freight rates in western Canada during the year. It should also be remembered that freight rates in Canada are lower than they are in the United States. Indeed it is true that if rates in Canada were approximately those of the United States we would have had in 1925 on the National railways an operating surplus of some $60,000,000. In past years—and it is not many years ago—we had both in this House and out of it many pessimists with regard to the National railways. We had those who feared that the National railways would bring financial ruin to the country, but the improvement made since Sir Henry Thornton took charge has been so remarkable that opposition or criticism has been practically silent in the last year or two. The only member we have in the House to-day who still voices his disapproval and distrust of the principle of public ownership in connection with the National railways is my good friend the hon. member for Laprairie-Napierville (Mr. Lanctot) who is now looking in my direction and who once said—he has not said it recently—he would sell the railway for a dollar—in fact he reduced his price to fifty cents. He is a man of such sound common sense that I am sure he will be honest enough with himself to admit at no distant date that he was wrong and that the National railways will become our greatest national asset.

Last year, together with the hon. member for South York (Mr. Maclean) I made some suggestions as to the possibility of effecting great economies by the amalgamation of the two great railway systems of Canada. That suggestion was not received with great favour by the leader of the government, or by the leader of the opposition, or by the leader of the Progressive party. They seemed to have the idea that monopolies either public or private were bad in principle. I have pointed out and do so again that a public monopoly is devoid of all the sinister influences that apply to private monopolies. The one is conducted for profit; the other for service. It was not my intention to speak to-night about amalgamation of railways; I make this reference merely because of the speech made by the member for South York. Last year when I spoke on the question I stated, upon

the best authority in Canada, that $100,000,000 could be saved by a combination of the two railway systems. The hon. member for South York a few weeks ago raised that to the huge sum of $200,000,000, and last week he increased it to $300,000,000. I desire to dissociate myself from any such hopeful prediction as that. Indeed, I do not press the question at all at this time. The railways have been very prosperous in the last year, and for that reason some of their difficulties have been removed and the question is not a live one. I can however conceive of a situation when conditions may not be so good as last year when this may become a live issue. I think I am expressing the wish of the great majority of the Canadian people when I say that whenever and if an amalgamation comes about, it will be under public and not private ownership. If the discussion we had last year had no other effect, it did at least something to destroy the propaganda which was so active and which looked to the amalgamation of the National railways with the Canadian Pacific under the control of a private corporation.

I should like to make reference to a report issued by a committee of the upper house—a report to which no attention whatever has been paid, and quite rightly so. I am referring now to a report of a committee appointed by the Senate last year to investigate the railway situation. That committee made a superficial investigation in camera and issued a report in which various methods of dealing with the situation were outlined. One method was favoured above others, and it was to the effect that the two great railway systems should be combined under one management; that the shareholders and bondholders of the Canadian Pacific should be guaranteed a fixed dividend in perpetuity, and that after all other obligations had been met, the resulting profit, which must be very great, should be divided equally between the security holders of the Canadian Pacific and the government of Canada. I was not surprised that the people of Canada paid very little attention to it. Such an arrangement would be a jug-handled bargain indeed. The people of Canada were expected to guarantee dividends thus giving an absolutely safe investment to the shareholders of the Canadian Pacific Railway and further allowing them, without taking any risk whatever, the risk being taken by the Canadian people, to share equally with the government any remaining profits. Such a suggestion was no compliment either to the Canadian people or to the Canadian parliament.

[Mr. Euler.]

May I refer briefly to a recommendation made by the committee on the National railways during the last two sessions? That recommendation had to do with the writing down of the capitalization of the Canadian National Railways, something which I think the government should consider most seriously as soon as possible. The National railways are burdened with a much higher capitalization than they should carry as a business proposition under public ownership. That tremendous capitalization or, rather, over-capitalization, is the direct result of the failure of private ownership. It is therefore unfair to the Canadian National Railways as a public system that they should be burdened in perpetuity with a load which was left to them as a heritage from the failure of private ownership. The amount of indebtedness owing by the railways to the general public, the bondholders, is about $913,000,000. My figures may be a little astray, as they are not quite up to date, but I do not think that they are far out. The interest on that debt amounts to some $38,000,000. Besides this, there is owing to the government of Canada a sum of $690,000,000 upon which there is interest amounting to $31,000,000. It has been suggested that it would be fair, to write off the amount of indebtedness owing by the National railways to the Canadian government and to confine the capital on which the railways might be expected to earn a fair return to the amount of indebtedness owing to the general public of some $900,000,000.

Mr. McQUARRIE: What good would that do?

Mr. EULER: It would at least rob the opponents of public ownership of an argument which they have used altogether unfairly for the past five or six years. I am not contending that it would save one dollar to the Canadian people; it would not. But it would put the National railways of Canada on a fair business basis, as would have been done if the system had been reorganized by a private company. Had the National railways been taken over by a private concern, they would have been reorganized and the capitalization would have been fixed on such a basis as would make it possible to earn a fair return on the investment.

Mr. McQUARRIE: Just a matter of bookkeeping.

Mr. EULER: My hon. friend is repeating something he has heard but which he does not understand. I apologize; I do not mean any offence.

Mr. McQUARRIE: I suppose the hon. member thinks he knows all about it.

Mr. EULER: I do not. I apologize to my hon. friend for the remark.

Mr. McQUARRIE: Don't bother.

Mr. EULER: If that suggestion were adopted, I would point out that in the year just passed, with an operating profit of $32,000,000, the railways would have come within six or eight million dollars of paying their way, and next year you would find that the difference would be entirely wiped out.

I want to deal briefly now with two or three outstanding features of the budget. It has been described as a Robb budget, as a popular budget, and as the people's budget. I believe it is a popular budget, and I imagine that my hon. friends opposite believe this also, although they might not ascribe the same reasons for its popularity as do hon. members on this side. It is a popular budget because for one thing it immediately touches the pockets of everyone in Canada, and that is always a cogent argument everywhere.

Mr. MANION: When the hon. member says that it touches the pockets of nearly all of the people, what does he mean?

Mr. EULER: Well, it does not take so much out of their pockets as was taken before. What I have reference to is the reduction in taxation. I shall come to that later. I presume it is not possible for a government to bring down a budget that would be entirely satisfactory to everyone, even if there were no such thing as party politics. I approve strongly of a good many things that are in the budget—and I have not always approved of budgets brought down in this House. Ever since the introduction of the stamp taxes I have opposed them. The stamp taxes have been properly described as nuisance taxes, and last year when the Minister of Finance abolished the stamp tax on cheques on sums of $5 and under, he took a step in the right direction, which was appreciated. This year he has wiped out the tax on receipts and that is a further step towards a better condition. I hope that he will continue the good work, and in another budget wipe out these taxes entirely.

The people are glad to see a reduction in postage to two cents. A good many of our friends opposite seek to minimize the importance of that reduction by suggesting that the cost of ordinary postage might well have remained at three cents and that the additional revenue might have been applied to the extension of rural delivery. Now I should not like to put any obstacle in the way of serving the farmers and rural residents better in the matter of mail delivery, but I want to caution the government that this is perhaps one of the most costly services we have in Canada, a service the cost of which probably is perfectly justifiable. In my opinion, however, the rates charged for a public service ought to bear some definite relationship to the cost of that service, and I would no more blindly recommend a suggestion of the kind made than I would the granting of a subsidy by way of giving lower freight rates to any one section of the country at the expense of another.

Mr. JACOBS: Unless you wanted their support.

Mr. EULER: The hon. gentleman is perhaps more interested in that than I am. I would also compliment the minister upon having simplified the income tax and, more than that, upon the reduction he has made in that tax. He has not reduced the income tax as a whole, but he has done one meritorious thing on which we are all agreed. He has so modified the tax that no man with a moderate income will pay any income tax whatever That is as it should be. I find myself, however in accord with some of the criticism made with regard to one phase of the income tax proposals. I do not believe in the principle of double taxation of incomes. The minister, perhaps inadvertently, has applied a principle the effects of which possibly were not entirely appreciated. The proposals in the budget in relation to income tax are a direct, if an unintentional blow, at the theory of joint stock organizations. Under the budget proposals, every joint stock company in Canada will pay an income tax of 9 per cent on its profits. If the remaining profit be then disbursed by way of dividends, the individual recipient of such dividends will again pay a tax, thus paying a double tax, first through the company, and then as an individual. As I say, I do not believe the principle of double taxation is sound, I do not believe it is just. I realize that no man will popularize himself by apparently defending the wealthy or the well-to-do; but it seems to me that justice ought to be impartial, whether it applies to the well-to-do or to the poor, and it is for that reason I am mentioning the matter now. A joint stock company after all is a perfectly legitimate way of doing business, and I think no obstacle should be placed in its way. I am not now particularly referring to large corporations—they usually can take pretty good care of themselves—although I think the principle

is sound all the way through. I am referring to the thousands of smaller corporations. I suppose that in my own city of Kitchener there are probably a hundred small corporations in mercantile, manufacturing and other lines of business organized as joint stock companies. for them there is double taxation all along the line. I might perhaps give an example to illustrate how unfair it is. We will say we have a dry goods business on one side of the main business street in my town trading as Brown Brothers with a capitalization of $100,000, and organized as a joint stock company. The principal owner of the stock is one man, with sufficient stock held by a few other individuals, possibly members of his own family, so that the business may be organized as a joint stock company. Across the street is his competitor Smith, who conducts the same kind of business with the same amount of capital. Both concerns make the same profit, say $10,000. The joint stock company is assessed 9 per cent on its profits, less the exemption of $3,000, or $630; the individual tax afterwards paid by Brown upon the dividend will amount to $245.90, or a total of $875.90. Smith pays only his individual tax on the profits he takes out of his business and transfers to his own pocket; in other words, he will pay an income tax of $290. That is surely unfair discrimination.

Mr. NICHOLSON: Would the hon. gentleman kindly elucidate what happens in the case of the joint stock company that is compelled to retain the profits in the business?

Mr. EULER: The individual shareholder in that case would get no dividend and therefore would pay no tax on it.

Mr. NICHOLSON: But is it not a fact that the proposed legislation taxes the increment whether it is distributed or not?

Mr. EULER: It taxes the profits of the joint stock company.

Mr. NICHOLSON: Whether distributed or not.

Mr. EULER: Correct. I merely want to point out this discrimination, which it seems to me should not exist. I have taken the liberty of discussing it with the Minister of Finance, and while he is very reticent, as most ministers are, I have some hope that he will modify his proposals in such a way that the injustice will be removed.

I wish to discuss briefly the reduction of the tariff on automobiles. I should like to make my position clear because I think most hon. members who were in the last parliament know my attitude on tariff matters. My attitude in the House as well as during election has always been that of a moderate protectionist. I hope the word "protection" does not offend the ears of my good friends of the Progressive group. Indeed I think during this session I heard the hon. leader of the Progressives (Mr. Forke) say he would stand for a little protection because he wanted to see our industries grow, and I admired him for his candour. I have always believed in a tariff that will enable our legitimate industries to live and prosper and grow. It is also fair to say that I have always contended against a tariff so high that it enables the taking of undue profits from the consumer. Now, the ordinary member of parliament—and I suppose we are all ordinary members—

Mr. JACOBS: No, no, speak for yourself.

Mr. EULER: I will except the hon. member for Cartier (Mr. Jacobs). He is far above the average. But members of parliament generally have not the information which would enable them to say what a tariff should be in order to serve the purpose which I have just stated. I have not that information. I doubt very much whether the Minister of Finance himself, able as he may be, is in a position to say just what the rate should be on every commodity in the tariff. For that reason in previous sessions I have urged repeatedly, as have other members, that a tariff board should be appointed clothed with the necessary power to make investigation and submit recommendations upon which an intelligent rate of duty could be established.

Mr. WOODSWORTH: Would the hon. member define a little more closely what he means by "an intelligent rate of duty?"

Mr. EULER: I would say such a rate of duty as would serve the purpose I spoke of—to enable industries to live and continue in this country. I should have thought this explanation hardly necessary after I had stated my position with regard to the tariff. We have had a tariff board appointed, and I want to congratulate the government on its action in that respect. I hope the members of that board will work absolutely without prejudice and to the satisfaction of all concerned. I say quite frankly that I would have preferred to see the reduction of the duty on automobiles referred to the tariff board. Certain reasons have been given why that was not done. For example, that the automobile business had been demoralized for some time because of rumours that the tariff would be reduced, and it was not felt

desirable therefore to refer the matter to the tariff board and so continue that demoralization for another year. I give the reason for what it is worth.

Mr. JACOBS: Does my hon. friend suggest that the government wanted to put the automobile manufacturers out of their misery at once?

Mr. EULER: I am afraid the hon. gentleman is reading something into my remarks that I never intended. But I also desire to say that for some time I have held the view, in common I believe with every member of this House, that the tariff on automobiles was higher than it should be, and that there was a greater spread between the price the United States purchaser paid for his automobile and the price paid by the Canadian for a similar car. I know that is the truth. We had a debate on the subject last year, and on that occasion a good many of my Conservative friends opposite, some of whom are not now present, including hon. members from the Maritime provinces, voted for the resolution in favour of a reduction of the tariff on automobiles. I believe that the cost of the Canadian car has been higher than it should be; I believe that of some of that cost has been on account of the tariff, and I am satisfied that the cut from 35 per cent to 27½ per cent will still enable our automobile industries to survive and to progress. I do not pretend to know a great deal about the automobile business, but I have made some inquiries since the budget was brought down, and I believe that the cut to 27½ per cent is quite justifiable. I say quite as frankly that I am not so sure about the cut to 20 per cent, and for my part I would play safe to ensure that the automobile industry will survive. I am quite certain the minister intends to do that. I do not know what plans he has in mind, I do not know that he is going to make any modification in his budget, but I have sufficient confidence in him to believe that he will not deliberately destroy the automobile industry or any other Canadian industry and that matters will be adjusted to the satisfaction of all concerned, consumer, manufacturer of cars and makers of parts. Having this conviction, and believing that the automobile tariff is higher than it should be when placed at 35 per cent, I am faced with this: Which is the more important, the thing itself or the method by which it is done? So far as I am concerned I think one can quite justify his action in supporting the thing which is right even though he does not entirely approve of the method by which it is done. I say so knowing that possibly my statement is open to criticism. I am quite certain however that there are many members opposite who, though they are going to vote against the reduction in tariff on automobiles, would like to vote for it, and they are doing so contrary to their own convictions. In making that statement I am making no improper insinuations, because I know what the exigencies of party politics demand. If I were satisfied that ruin would follow the reduction in tariff on automobiles I would vote against the budget. I do not believe that, but I do hope that we will find, either in committee or in some other manner, that such an adjustment will be made as to enable the automobile industry to survive and that the condition, following the passing of the budget and the budget resolutions, will be such as to enable the manufacturers of automobiles, the makers of parts and the consumers to be reasonably well satisfied.

Now Sir, I am going to make the one statement which I think is of greater importance than anything else I have to say. The tariff is, I believe, a very important factor in the industrial life of Canada. Believing that, I also believe that we should have a reasonable stability of tariff.

Some hon. MEMBERS: Hear, hear.

Mr. EULER: By that I do not mean that there should be no changes from time to time, but I would invite the Prime Minister or the Minister of Finance to make some declaration that we might henceforth hope for reasonable stability of tariff, except in so far as changes may be considered advisable after careful examination and recommendation by the tariff board.

Mr. EVANS: May I ask a question? Does the hon. gentleman realize that the tariff is borne entirely by the basic industries or by the lowering of the standard of living of the working people?

Mr. EULER: I am sorry I cannot follow my hon. friend at the moment into a discussion of the tariff in all its bearings. I think he understands the attitude I have taken, and I suppose the only conclusion we can reach at the moment is to agree to disagree.

In conclusion, Sir, I may say that I must take the budget as I find it, just as must every other member of the House. I have to either accept it in whole or reject it in whole, and, as I see it, the preponderance of merit in the budget, in the things I have enumerated and which I strongly favour, is so much greater than the demerits which I

hope to see corrected in due course, that I will support the budget.

Mr. MANION: Before my hon. friend resumes his seat I would like to point out that he said he would later show how the budget was going to benefit the people as a whole. Would my hon. friend elaborate that remark?

Mr. EULER: I would refer, for instance, to the great mass of people who will find relief in the reduction of income tax. The people will be able to buy automobiles a little cheaper, and are doing so right now. They will get the reduction in postage.

Mr. MANION: Where do the ordinary working man and the small farmer come in?

Mr. EULER: Is my hon. friend now showing special consideration for the farmer?

Mr. MANION: I have always shown special consideration for the farmer, and so has my party. They have shown just as much consideration as has my hon. friend, but I am asking a fair question. My hon. friend said that this budget would relieve the great mass of the people. I asked him in all sincerity, to elaborate a little. He speaks of the income tax and cheaper automobiles, but how about the ordinary working man and small farmer, who never earn $3,000 a year?

Mr. EULER: I should say the small farmer and the working man benefit by the reduction in duty on automobiles.

Mr. YOUNG (Weyburn): How about the duty on electric lighting equipment?

Mr. STEWART (Leeds): There is no change, is there?

Mr. YOUNG (Weyburn): Yes, 25 per cent.

Mr. A. C. CASSELMAN (Grenville-Dundas): Mr. Speaker, as one of the younger members of this House I have taken very little part in the discussions which have been carried on, but I feel that I cannot let the opportunity pass to make some observations on the budget. After doing that, and before concluding my remarks, I wish to take up certain matters which are of particular interest not only to the county which I have the honour to represent but to the Dominion as a whole.

I do not intend to follow the hon. member for North Waterloo (Mr. Euler) very closely in my remarks, but I would like to make a few comments upon his speech. In attempting to do so I realize that in making my first speech in this House I am in a very disadvantageous position. The hon. member is an old parliamentarian with a great deal of experience, and is recognized, I think, as one of the smartest men on the government side. if that were not so we would not have heard that he could have had a portfolio in this government. On various occasions in the past the hon. member has criticized the government—much more strenuously than in his remarks to-night—for their nibbling tactics with regard to the tariff. I wonder if the reason that he is not so strong in his criticism to-night is because this time they have taken a whole bite instead of a nibble.

He says this is a popular budget. I believe the hon. member was elected as an Independent Liberal, and to me the addition of the word "Independent" must mean something. I do not know whether he has always been elected as such, but I do know that the riding which he represents is one of the most highly developed industrial districts of Canada, and I wonder if that has anything to do with the use of the word "Independent." If his constituents should be here when the budget vote is taken I wonder what they would think, seeing him vote directly against something which materially affects them. I am sure they would not support him in the next election.

Mr. EULER: Does not the hon. gentleman believe that my constituents will know exactly how I vote?

Mr. CASSELMAN: I realize that, but I also realize that before we have another election possibly three or four years will have passed.

Some hon. MEMBERS: Hear, hear.

Mr. CASSELMAN: I mean exactly what I said. In that time the Minister of Finance (Mr. Robb) may adopt the suggestion advanced to-night by the hon. member and show by his actions that the tariff is going to be stable and that industry can go along unafraid of the changes which may be brought down in the next budget. As this is the first speech that I have attempted to make in this House, I promise hon. members, if they will grant me their indulgence, that I shall get through as quickly as possible.

My first statement must be that I am dumbfounded at the action of the government in claiming office in the face of the adverse vote at the polls. When one considers the platform on which the election was fought, I could not believe that those members forming the government were the same individuals who pledged themselves to Senate reform, reduc-

tion of taxation, and above all, that there should be no changes in the tariff that would be detrimental to industry until after full investigation had been made by that much talked of tariff board. As a result of this, I must state that so far as this government is concerned their first object seems to be to keep themselves in power, and secondly, to do nothing that will in any way injure their prospects at the polls, if any they have. The only conclusion, therefore, that I can draw is that this government is looking after themselves first, and the interests of the country second, provided that in looking after the interests of the country they do nothing which will in any way affect their political prospects.

The Minister of Finance, when he laid his budget proposals before the House on the 15th day of April, drew the attention of the House to the remarkable development that had taken place in our trade. He further pointed out that the favourable trade balance of over $402,000,000 was the greatest in the history of the country with the exception of the war years. From the discussion which has taken place since that day—and may I refer particularly to the address that the hon. member for Lincoln (Mr. Chaplin) made some days ago—I think that the opinion of the majority of the members of this House is that that favourable balance of trade is not in the interests of this country. The hon. member excepted the war years. I presume that he did this in fairness, knowing that during the war years there were more reasons for certain industries being developed than there were at any other time. But I do not think he should have done so because to me there is a great similarity betweeen the balance of our trade in the war years and our balance of last year. In the war years our balance of trade was caused largely by the fact that we were shipping ammunition out of this country. Ammunition in itself is deadly to man. Last year our balance of trade was caused by the fact that we were shipping out of this country large quantities of raw materials, materials upon which we should have done the finer work. Although their shipment was not deadly to man, it was deadly to industry in this country. I am favourable to action which increases our trade, but, on the other hand, I feel that the policy which we must pursue to build up this country is to retain these raw materials and work into the finished product as far as possible these great resources with which a beneficent Providence has so bountifully blessed us. Unless we do this, I do not see how it is possible for us to secure the one thing which will solve many of our various problems, particularly our railroad problem, namely population.

Having mentioned population, I would like to place on Hansard certain figures which I have just received from the Department of Labour of the United States. Before doing so, I would like to remind hon. gentlemen that in the last five years there have gone from this country to the United States over 600,000 of our very best citizens. Why did they leave this country? They did not leave because of their dislike for Canada. They left here for the simple reason that it was not possible for them to get any work in this country. I do not see before me at the moment the letter to which I have just referred, but if I remember the figures correctly they showed that in the year 1925, 123,000 or 128,000 Canadians went to the United States. During the fiscal year, which runs until the first of March, that had decreased to a certain extent, but I do not think there is any decrease at the present. As a matter of fact, from my own personal observation—and I am in a position to make personal observation—I think there are more people going to the United States at the present time than have ever gone before. It is my privilege, due to the fact that my home town is Prescott, directly across the river from Ogdensburg, where the American consular office is situated, to see the workings of that office. I am also privileged to be in my own office on Saturdays and as a rule for a few hours on Monday morning, and I do not think on any day since the session opened I have been in my office when I have not drawn affidavits for some Canadian citizen who was going to the United States. I would draw the attention of hon. members to the effect that the requirements that one must meet in order to go to the United States are now well known, and it is only through some technicality that these people come to a law office. I had occasion this morning to go to the American consular office at ten o'clock. I found there ten Canadians waiting their turn to get vises to go to the United States. Those ten Canadians come out of a population of approximately 100,000, and if the exodus from Canada to the United States to-day is in the same proportion all over the Dominion as it is in this particular consular district to which I refer, hon. gentlemen can see that in the neighbourhood of at least a thousand Canadians have gone to the United States to-day.

I have before me an article written by Mr. Herman Kull. Any one who is familiar with the district at Ogdensburg will know that Mr. Kull is chief immigration inspector at Ogdens-

burg. This letter is dated Ogdensburg, New York, September 10, 1925, and reads as follows:

> August immigration from Canada at this point broke all records for the month. The figures show a gain of 7,367 over August, 1924.

It is all very well, Mr. Speaker, for members of the government or for those who are suporting the government to say that people have always gone from this country to the United States. I am willing to grant that, but never in the history of this country have people gone to the United States to the extent to which they are going at the present time, and the figures which can be obtained from any official source only show those who go through the legal channels. If hon. members were familiar with the schemes which are used to get into the United States, they would know that those official figures in no way give a proper idea of the exodus.

I wish, Mr. Speaker, to be as complimentary as I can to the hon. Minister of Finance, but I regret that it is not possible for me to be as complimentary as were some hon. members who have preceded me. There are some changes in the budget which I think are commendable, possibly not as commendable as they might have been, because I do not think that they should ever have been made law in the first place. Take the receipt tax, for instance. I think the Minister of Finance himself will admit that this tax has always been a failure. I do not think there was ever a law passed that was observed as little as this law. The removal of the receipt tax gives relief to certain corporations and certain classes of business, but it does not give any relief to the farmer or to the man who really requires relief.

The Minister of Finance has been complimented very highly for reducing the sales tax. I am willing to compliment him for that as well. My compliments may be more or less left handed because of this fact: Before making the reduction the tax was raised, thus getting us back to the position in which we were before.

Great credit has also been given the Finance minister for the reduction of the income tax. In this respect I feel very much like the hon. member for North Waterloo, who preceded me, but in my statement I will not go as far as that hon. gentleman did. I grant you that certain people who previously paid taxes have received a reduction, but I venture to assert that when one year has passed and we find out the amount of money that is received from income tax, it will be found that instead of there being a great reduction the taxpayers of this country will pay just as much money as they did before the so-called reduction went into effect. I say that for this reason: After the budget was brought down I was at home and some nine or ten people came to me with their income tax returns. One of them was a man who last year had paid something less than $3, but who under the new tax will not pay anything. Almost every other individual in the group was a person who had received a certain income from stocks which previously were exempt from taxation, the taxation being paid by the corporation. Now, although most of those people were strong supporters of the government they were greatly surprised and aggrieved, in view of the announcement as to the reduction in taxation which they had seen in the newspapers, that their taxation had doubled and in some cases trebled.

The Minister of Finance has also been given great credit for the reduction in the postal rates. In that respect there is very little actual saving to the country. There is a reduction in the three cent rate but not in the local rate. If it were possible to secure statistics showing the proportion of local letters that pass through the mail as compared with the number of three cent letters you would find, I think that there are as many of the former as there are of the latter. The reduction in the postage rate amounts to one cent. The farmer will not derive any great advantage from this. If any hon. member holds a view to the contrary let him go out to the country and interview every farmer he meets as to how many letters he writes. I think it will be found that if a farmer benefits to the extent of fifty cents per year by this reduction he is one of the biggest correspondents among the farming class.

Now, Mr. Speaker, I do not wish to enter into any discussion in regard to the tariff, but I shall place on Hansard an article which appeared in the Toronto Mail and Empire of April 28th. The article in question deals in a general way with the advantages of industry, but alludes more particularly to the manufacture of motor cars. The article starts out by saying:

> The great majority of Canadians who can afford to have motor cars already have them. Every man who owns a car is poorer to-day than he was the day before the Mackenzie King government reduced the tariff, because his car is worth less. If for any reason he wants to sell his car without buying a new one he will feel the full effect of the reduced value. If he desires to buy a new car the price quoted will be lower, but when he offers his old car in part payment he will get so much less for it that he will receive very little advantage from the lower price of the new car, and in many cases no advantage.

I am told that in ninety per cent of the cases where people buy cars they have an old car to dispose of. If that be the case, and the statements in the foregoing paragraph are correct, only ten per cent of the people who buy motor cars at the present time are going to receive any advantage because of the reduction of duty. I am speaking only of the purchasers of cars. I make no reference to those men who, because of the change in duty, will have to follow the million Canadians who have already crossed the border into the country to the south in order to seek employment. The article continues:

> Will the man who never had a car because he could not afford it be any better able to buy one if the money now put into circulation in Canada by the automotive industries is sent to the United States instead? If he is out of employment will the shutting down of many Canadian plants help him to get work or if he has employment will his salary or wages be increased by the wrecking of a great Canadian industry?
>
> The output of the Canadian motor car factories for the last fiscal year was valued over $110,000,000. Will the sending of a large proportion of that amount to the United States add to the prosperity of Canada? Will it help men employed in other Canadian industries, of farms and factories or those engaged in mercantile business and the professions?
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> An answer may be found in the result of an experiment of a manufacturer in a small New England town in the days when the manufacturers of the United States had a struggle for existence and were in constant danger owing to the attacks of free trade theorists who wished to take away their protection. This manufacturer decided to mark all the money paid out in wages to his employees and ask the merchants and the banks of this little town to let him know how many hands the money passed through within three weeks after it was paid out in wages to his employee. Careful records were kept and it was found that on the average every dollar paid out in wages had passed through the hands of eight different persons.
>
> For instance a workman paid his doctor five dollars; the doctor used the five dollars to pay a grocer's bill; the grocer paid it to a baker; the baker paid it to a miller for flour; the miller paid it to a farmer for wheat; the farmer bought groceries with it; the grocer paid it to a carpenter who made some alterations in his store; the carpenter spent it at a hardware store; the hardware merchant paid his butcher's bill with it; the butcher paid it out to a farmer's wife for butter and eggs; the farmer's wife bought dress materials at a dry goods store; the dry goods merchant gave it to his daughter to pay her music teacher; the music teacher used it to pay her dentist. If the money had been followed for a year instead of for a few weeks the record of circulation would have been even more surprising. Consider the effect upon Canadian trade if even half the money now paid out in Canada by motor car manufacturers in wages and for materials is sent to the United States to pass from hand to hand in that country instead of in Canada.

It is not my intention to follow this subject further. I shall content myself by saying that the arguments advanced in the foregoing article are absolutely irrefutable.

The next subject I wish to take up, and which is of particular interest to the locality in which I reside, is the development of power on the St. Lawrence river, and I trust I shall be pardoned if I adhere rather closely to my notes in discussing it. As the question of power development has already been discussed in the House this year in connection with the resolution moved by the hon. member for Toronto Northwest (Mr. Church), I will take up this branch of the subject first.

For years an agitation has been carried on in eastern Ontario to have the great sources of power on the St. Lawrence river developed, due to the fact that eastern Ontario could not compete with the western part of the province industrially because of the excessive cost of power. Industry has attempted to get a foothold in eastern Ontario, but whenever an application for power would be made to the Hydro-Electric Power Commission of Ontario, the body which to a large extent controls power in Ontario, the estimated cost was such that invariably the industry in question settled in the western districts where power could be secured at a fraction of the cost. The transportation advantages which we enjoy in the east were of no avail because of the high cost of power. Steps were taken to remedy this situation, one of the reasons being that the sources of supply in western Ontario were nearing the verge of exhaustion. The St. Lawrence being an international waterway it was necessary for the federal government to make arrangements with our neighbour to the south for the required development. Applications have been made by the Hydro-Electric Power Commission of Ontario and the Ontario government for the right to develop power at Morrisburg, this being the desirable location agreed upon by the experts of the department, but in spite of the fact that these applications are of long standing no progress has been made in the matter. I am informed that no reply has ever been given to the Ontario government or the Hydro-Electric Power Commission. The International Joint Commission was capable of arranging the scheme, but rather than use this existing organization the government has seen fit to appoint various commissions or bodies, and although these bodies have been in existence for several years they are apparently no nearer their goal than they were a year ago. We have been told by the Minister of the Interior (Mr. Stewart) that that body is due to report during the month of June. If they report favourably I assume from what the minister has said that the

11 p.m.

province will be authorized to commence the development. But what will be the result if we receive an unfavourable report?

I am under the impression that the report will not be favourable owing to the fact that as a rule United States interests are unfavourable to this kind of development as a public ownership project. I have also had an opportunity of talking to various members of the United States body and unless the have changed their ideas, or unless their ideas have been misinterpreted by me, I feel the development will be delayed for many years. Another very important point is that along the United States shore during late years, and since this agitation for power development has become more acute, water rights have been secured by large private interests, and as there are no powers of expropriation in the state, this in itself will delay the development in the event of the United States members of the commission being favourable to the development.

I wish to compliment the Minister of the Interior upon his statement that this government admits the right of the province to carry on the development. I was greatly surprised at this admission because of a previous experience. Some two years ago I had the pleasure of hearing Sir Adam Beck address a large mass meeting at Prescott where he made the statement that the former Minister of Railways and Canals, Mr. Graham, had admitted that afternoon to him the right of the province to carry out the development. That statement was received by those present with great satisfaction, but that satisfaction was turned into consternation a couple of days later when there appeared in the press an article in which Mr. Graham denied making such an admission.

The eastern part of Ontario is sorely in need of power development. With this development we can go forward and carry our share of the immense burden under which the people of this country rest. Without it we must continue as we are now in a more or less dormant state. For this reason, as well as the fact that the development of industry will result in advantages to all classes of the community, I urge the government to use as much pressure as they reasonably can to have the development carried through and to free themselves from being dependent on various commissions except for the technical advice which they will give.

The other subject which I wish to take up and which I think is of greater outside than local interest is the development of navigation. May I make reference to a development which, in my estimation will do more than possibly any other scheme to assist both those in the west who are interested in the transportation question and the Maritimes which, in my opinion, have not procured what they reasonably expected when they entered confederation? In opening this subject, as one of the younger members of this House I feel that I am voicing the sentiments of the younger element of the central provinces when I say that we realize the great difficulties under which both the east and the west are suffering. It is the desire of the central provinces to look at these difficulties from a national standpoint rather than from the selfish standpoint of their own interest, and to do everything that can be done to assist those parts of the country which require assistance owing to their geographical position or from other causes. But on the other hand we expect that in turn you will realize that we who furnish the large proportion of revenue to the country shall have assistance from you in those things which make for our economic well-being. During the last decade an amount of money verging on $100,000,000 has been spent on the new Welland canal. Although that money is being spent in the central part of the Dominion, that development is bound to result in great benefit to the west by way of reducing rates, and if the proper policy is put into effect by the management of our National railways the eastern provinces will also benefit greatly. Their benefit will come about through decreased freight rates, reduction of debt on the National railways, and above all, through the return of empty cars there will be car space that can look after the carriage of their coal and other products.

When the Welland canal is completed I feel that although a great benefit will be derived from the development, a small further expenditure would almost double the benefit. When the Welland canal is completed deep water navigation will be open to the foot of lake Ontario. From there east to a distance of over sixty miles a very small expenditure, which I am told the federal government of the United States are willing to be responsible for, will open the river for boats which will be running in and out of the lake ports. This would make the town of Prescott the eastern terminus of the deep waterways system. Although the Minister of Agriculture (Mr. Motherwell) is not in the House now I would like to compliment him upon an address he delivered or an interview he gave in Toronto, I believe, in October of last year, when he favoured carrying on this development as far

as it could be carried on without too great an expenditure being required, and in which he favoured Prescott as the eastern terminus of the deep waterways system.

Any one who is familiar with conditions with respect to both our railway facilities at Prescott and our harbour there will at once realize that this undertaking would be the only logical one to carry out. Lack of grade on the railways from Prescott east is such that a maximum load can be carried. This statement could not be made to apply if Prescott were situate even fifteen miles west because as soon as one goes west of this point grades are encountered which diminish to a large extent the carrying capacity of a railway engine. The only expenditure that would be required is an elevator at Prescott of reasonable capacity to look after the late shipments of grain which cannot get through to Montreal, and as the harbour is kept clear of ice in the winter it would be possible for boats to be laid up with cargo for storage until such time as it is needed for transshipment. By carrying through this proposal, which I strongly urge should be taken up by the government of the day in time to ensure that it will be a reality when the Welland canal reaches completion, a step will be taken which will result in an advantage in price of several cents per bushel upon all western grain carried in this way. This is estimated by various parties who have gone into the rates at from four to eight cents per bushel. It will also result in traffic which is not now going over our National railways being routed in that way and this would mean a greater use being made of our own ports and a consequent increase in railway revenue. The Halifax elevator would then become more than a monument to the present senior member for Halifax (Mr. Black). There would also be the advantage of return cargo being available for the products of the Maritimes, which are now labouring under railway rates that they cannot reasonably overcome under present conditions.

In closing I would draw the attention of hon. members to a resolution passed at the annual meeting of the Associated Boards of Trade of Ontario, held at Kingston last fall. I believe copies of this resolution are in the hands of the Prime Minister and various members of the government, but I would like to put it on record. It states:

> That the Ontario Associated Boards of Trade are clearly in accord with the Dominion Marine Association in the opinion that the progress which has been made in the construction of the new Welland ship canal, and the heavy investment in the Canadian canals system demand that the preparation of a trans-shipping port on the Canadian side at the foot of deep water navigation be no longer deferred; and that the Dominion government be urged to announce the selection of the trans-shipping port at the point considered to be in the best interests of the citizens of Canada, and to hasten the steps necessary to ensure the erection of transfer and storage elevators for the first grain cargoes to come down through the enlarged canal.

Mr. S. C. ROBINSON (West Essex): Mr. Speaker, if it is the wish of hon. members and the understanding of the whips that I should go on to-night I will take only half an hour of the time of the House. I would not speak at this late date were it not for the fact that I represent so important a constituency as West Essex.

The most important item in the budget speech of the Minister of Finance (Mr. Robb) is the reduction in the duty on automobiles, which will affect the main industry and some 280 manufacturers of parts. This is a serious matter to my riding and one which was not contemplated after the speech from the Prime Minister (Mr. Mackenzie King) at Richmond Hill on September 5 last and the further promises made in the Speech from the Throne, all to the effect that there would be neither increases nor decreases in the tariff until a thorough investigation had been made by a commission. The people of the country now realize that the promises and pledges of the Prime Minister only amount to a scrap of paper. The effect of this reduction on the industrial and building operations will be serious indeed. I am informed by the manager of the Chrysler corporation that they had a building programme which would take three years to carry out and it was their intention if possible to do all their export business from Windsor instead of from the United States. As a result of the budget announcement, however, this building programme has been held up indefinitely. The Ford, Ontario, motor plant had a programme to manufacture closed bodies in Canada. It was to be the first plant of its kind and was to cost some $500,000, while the equipment and machinery would cost some $380,000 more. This programme also will be held up indefinitely. They were to employ 1,000 men in this branch of their business. It seems that the policy of this government is to penalize industry wherever it is successful. We find another example of this in the woollen industry. I think it only fair that the government should announce beforehand the next industry to be attacked so that those engaged in that industry may be prepared for the worst. Rumour has it that next year it will be either cottons, furniture, or the boot and shoe industry.

As regards the income tax, we are all pleased to note the reduction in so far as the exemption up to $3,000 in the case of married men is concerned, but instead of referring to it as a reduction, the minister should have described it as a transfer of income tax. What is really taking place is the transfer of the tax from one class to another. It is being placed upon those who derive their incomes from dividends and who will suffer from the system of double taxation. Had it not been for the extravagance of the present government, reductions could have been made in this direction some two years ago. I trust that the reduction in postage will not be seized upon as an excuse to cancel the order in council of October last directing the Civil Service Commission to regard favourably the application made by employees of the postal service for an upward revision of their salaries. This is badly needed by the postal service employees in the cities, owing to the fact that rent and living expenses are much higher in these centres than in rural Canada.

In the election of 1921, in the by-elections of 1923, and again in the general election of October last, the main issue of the compaign was the tariff, and to illustrate the change of sentiment among the people I may point out that whereas in 1921 the late Hon. W. C. Kennedy carried what is now East and West Essex by a majority of 7,195 votes, that majority in the by-election of March 1, 1923, for the same territory, was cut down to 1,072, while in the recent election held on October 29 West Essex was carried by a majority of 2,521 in favour of the Conservative candidate, the other two Essexes also voting in support of the Conservative policy.

The border cities, and especially the city of Windsor, have grown more rapidly in the past ten years than any other part of the Dominion, but I regret to say that this growth has been at the expense of the rest of Canada. There are coming to Windsor every day hundreds from the prairie provinces and the west and from the Maritimes, and these people either acquire homes or rent their houses. If therefore they cannot find employment in Windsor and vicinity they are obliged to go to the other side, especially their sons and daughters. So that it is only a matter of time in most cases until whole families drift over to the United States.

Referring to the want of sufficient tariff protection, Messrs R. G. Dun and Company last year reported that fifty-four industries in the border cities had either closed their doors or failed in business. Let me mention a few instances to show how the border cities have suffered for the want of adequate tariff protection.

[Mr. Robinson.]

Mr. McKENZIE: Did R. G. Dun and Company report that it was for want of tariff protection.

Mr. ROBINSON: I did not say that.

Mr. McKENZIE: I understood you to say that.

Mr. ROBINSON: No, I did not say that. The Fisher Body Company had a plant manufacturing automobile bodies at Walkerville. This plant closed its doors at the end of 1924. The company's capital investment amounted to $1,700,000 and they employed 950 hands, 95 per cent of whom were good Canadian citizens, the other 5 per cent being of foreign birth. Nearly all of these men have gone over to Detroit to find employment in automobile body plants there. The work in this plant comprised woodworking, metal stamping, body assembling, plate glass pressing, painting and trimming, while the imports consisted generally of body steel sheets, gum lumber, and plate glass. These commodities could not be purchased in Canada. The reason this concern closed its doors was the fact that they could not compete, especially for the foreign trade, with similar industries operating in the United States under mass production.

General Motors established themselves in Canada during the war with a capital expenditure of over $2,000,000 in land, plant and machinery, but they have not turned a wheel in the past two years. They employed from 1,200 to 2,000 men, making the engines, rear axles, and so forth, for the automobile industry. Not having sufficient protection, they found that their branches on the other side, by reason of mass production and lower overhead expense, could absorb the duty and export from Detroit under a tariff of 27½ per cent, whereas the duty on the complete automobile was 35 per cent. Had the duty on engines, rear axles and other parts manufactured by them been 35 per cent, the same as on the car, they could have continued operations in Walkerville, employing probably more men than formerly. The manager when closing the concern said, "We will be back some day when the Canadians wake up."

Let me cite another industry which is suffering from inadequate protection, a paint and varnish concern in Windsor. This company was kept busy supplying paints, varnishes and so forth for the agricultural machinery industry in Canada, but since the duty has been taken off materials entering into the manufacture of agricultural implements, the Windsor company has been seriously injured. The manager, when soliciting an order, was shown the prices quoted from Chicago and was told that if he could meet those prices he

might have the order. This was impossible and in consequence that business is lost to the Canadian industry; the orders for paints for agricultural machinery now go to the United States.

Another industry that many hon. members may not be familiar with is the Canadian Steel Corporation of Ojibway. I know whereof I am speaking for I am a member of the council of the incorporated town. It may be news to them to know that this institution has spent some $8,000,000 or $9,000,000 in completing their immense dock, railway tracks and sidings, blast furnaces, machine shops, and other buildings, which, owing to the lack of a stable fiscal policy and of sufficient protection to warrant their completing their work and manufacturing in this country, have been at a standstill for the past five years.

Last year there was imported into Canada $150,000,000 worth of iron and steel products, mostly since the tariff has been taken off such articles as enter into the manufacture of agricultural machinery. It is customary to measure the business activity of an industrial country in terms of steel and iron production. The steel and iron industry in this country has been passing through a severe depression, thanks largely to the action of the King government. When the duties on agricultural implements were reduced, the King government, in order to pacify the manufacturers of agricultural implements, cut the duty on steel and iron. This basic industry as a result has been hard hit and transferred to the United States.

The authoritative magazine of the industry on this continent is the Iron Age. Discussing the situation this paper says:

> Canada's steel industry is passing through one of the most trying periods in its history. The July pig iron output of only 21,000 gross tons was the smallest since monthly records were started in 1917. Only 73 tons of basic iron were made, compared with 38,600 tons in June. The steel output of 22,400 tons in July was the smallest since October of last year. The July figures represent a decline of 66 per cent in pig iron and 78 per cent in steel from the outputs in May. While March and May showed the largest output in both pig iron and steel since May, 1924, the average rate of the first half of the year is less than in any year since the war. Meanwhile, Canadian consumption of rolled steel from the United States is growing apace. June and July shipments from the United States amounted to 92,000 tons, or an average of 46,000 tons a month, as against an average of but little over 20,000 tons a month in the first five months of the year 1925.

The Iron Age's statement is an admission that the King government has by its attitude to this industry practically transferred Canada's steel and iron business across the line.

The following official figures from Ottawa are illuminating:

Comparative Industrial Pay-rolls in Canada by Department of Labour

	Under Mr. Meighen's administration 1920	Under Mr. King's administration 1924
Agricultural implements.. .	$ 13,894,561	$ 8,678,706
Steel and pig iron..	20,728,447	7,211,716
Castings and foundings.. ..	27,847,249	20,759,935
Railroad rolling stock.. ..	18,834,322	13,482,632
Total Canadian industries ..	$132,885,132	$99,613,638 or $33,000,000 less

Comparative Sales of Canadian-Made Goods

Agricultural implements.. .	$ 50,301,302	$ 24,773,648
Steel and pig iron..	138,382,823	33,687,178
Castings and foundings.. ..	99,892,583	58,014,378
Railroad rolling stock.. ..	60,359,520	44,795,097
All Canadian industries ..	$640,233,785	$368,476,850 or $272,000,000 less

Is it any wonder with figures such as these we have business failures and that hundreds of thousands of our workers had to leave the country? The figures prove better than anything else the contrast between Mr. Meighen's 1920 administration and Mr. King's 1924. Mr. King said that the cost of living was outrageously high and his policy would greatly reduce it. The Labour department of his own government at Ottawa tells us that in 1922 the average cost of 236 commodities gave an index number of 152.7, while in 1925 this index number grew to 158.8. In other words, it has cost the people of Canada 4 per cent more to live upon imported goods under low tariffs than it did to buy home-made goods under protective tariffs, and this higher cost must be paid from greatly reduced incomes and increased taxes. This expenditure of Mr. King further has lost to the farmers alone their share of 33 millions reduction in pay-rolls; the railroads have been deprived of hauling 272 millions of finished goods, not to mention the carrying of a whole army of commercial travellers who have been compelled to reduce travelling to a minimum because of slack in the demand for their goods. Is it not astonishing in this century of science and in this country of supposedly level-headed people that such a blunder should have been permitted. The loss of $33,000,000 in wages would mean 22,000 workmen thrown out of employment at the rate of wages of $1,500 per year.

The farmers of Essex county are also suffering from unfair competition with early veget-

ables and fruits from the United States, especially those who grow under glass. When their product is ready for the market they have to compete with the surplus from the more southern districts of the United States. I maintain that they are entitled to protection, especially during the season when the better quality of Canadian products is ready for the market.

Now, Mr. Speaker, let me make some reference to what Australia and the United States have done under a protective tariff. During the last four years the United States has experienced unprecedented prosperity. Heretofore in my memory Canada has always shared in that prosperity. We may have been six months later in getting it, but we were always six months later when a depression came along, as well. President Coolidge in his message to congress on December 6, 1923, said:

> The present tariff law has accomplished its two main objects; it has secured an abundant revenue and been productive of an abounding prosperity. Under it the country has had a very large export and import trade. A constant revision of the tariff by the congress is disturbing and harmful. The present law contains an elastic provision authorizing the president to increase or decrease present schedules not in excess of 50 per centum to meet the difference in cost of production at home and abroad. This does not, to my mind, warrant a rewriting of the whole law, but does mean, and will be so administered, that whenever the required investigation shows that inequalities of sufficient importance exist in any schedule, the power is authorized to make adjustments.

I have the report of a speech made by Sir James Elder, before the board of directors of the Canadian National Exhibition last September. This is what he has to say regarding the tariff in Australia:

> "Australia is now riding on the crest of a phenomenal wave of prosperity, and the wheels of industry are spinning as never before, so much so that the people of Australia are fast being relieved of the heavy burdens of taxation. Protection has been the one cause of Australia's wonderful success in the interchange of trade with the other countries."
>
> Sir James declared that during the past three years Australia had reduced her war debt by over $110,000,000, while the aggregate federal debt had been decreased to the extent of $200,000,000. Australia had not only reduced her public debt, but the government was seized of the importance of relieving the people of heavy income taxation and four reductions had been made since 1914, the present tax being on the basis of pre-war days, plus 20 per cent, and further reductions were contemplated in the very near future.

I claim that if protection and an increase in the tariff has done so much for the United States and Australia, Canada should adopt the same principle and we would experience unprecedented prosperity.

I would just like to touch on the question of taxation. As everyone knows, this country is overburdened with taxation, and under the present government there seems small chance for relief. In Ontario we have municipal, provincial, and Dominion taxes, twenty in all as follows:

Real estate.
Business tax (Corporation).
City income tax.
Federal income tax.
Cheque tax.
Gasoline tax.
Automobile tax, sales and license.
Sales tax.
Real estate transfer.
Amusement tax.
Stock transfer.
Excise tax on beer.
Sleeping and parlour car tax.
Business tax to province, to provincial secretary.
Manufacturing license to Ottawa.
Tax on notes and overdrafts.
Matches.
Playing cards.
Tobacco.
Workmen's compensation tax.

I claim that if Canada had raised her tariff instead of reducing it as she has done five times in as many years, we would have been able to reduce our taxation the same as the other English-speaking countries have done. President Coolidge says:

> There is a limit to the taxing power of a state beyond which increased rates produce decreased revenue. If that be exceeded, intangible securities and other personal property become driven out of its jurisdiction, industry cannot meet its less burdened competitors, and no capital will be found for enlarging old or starting new enterprises. Such a condition means first stagnation, then decay and dissolution. There is before us a danger that our resources may be taxed out of existence and our prosperity destroyed.

Just a word or two in connection with immigration. It is almost universally agreed in this country that instead of spending millions of money to bring immigrants to this country, such money would be better spent in the application of some scheme to keep farmers' sons at home. I have this suggestion to make, that where there is no room on the farm for the sons when they grow up, they should be assisted in establishing themselves as farmers, under a scheme such as that which was employed in connection with soldiers' civil re-establishment.

I have been several times in the United States consul's office in Windsor, which office has had to take larger quarters to enable them to take care of the rush for vises to enter the United States. A large majority of these applicants are from the farms or the small towns in Canada, and, I am sure they would welcome some encouragement to establish themselves in this country as farmers. There seems to be no let up to the

emigration from Canada if one is to judge by the birth certificates required from the Ontario government and the crowds at the United States consul's offices. The number of vises issued at Windsor to native born Canadian citizens during the period from January 1 to April 30, 1926, with similar figures for the same period of 1925 given for the purpose of comparison, is as follows:

	1925	1926
January..	260	262
February..	219	295
March..	294	540
April 1 to 30..	235	514
	1,008	1,611

The London Free Press of April 17 of this year states as follows:

A larger number of Canadians have been passed through the office of the American consul in London this week than in any previous week since the beginning of the vise regulations on July 1, 1924. This week 170 Canadian-born people have left London and the six counties of this consular district for the United States. The week previous the figure was 114.

Unemployment and the lack of a satisfactory guarantee of steady employment is said by the consul, G. R. Taggart, to be the reason generally given by the applicants for vises. Another reason is said to be the lack of diversity of employment.

I have been asked many times why a car made in Canada costs so much more than one made in United States. From the Dodge factory in Toronto I have secured a statement showing how each hundred dollars of the increase is apportioned. The statement is as follows:

1. Duty paid Canadian government on import of raw materials, $35.05.

2. Increase in Canadian dealer's commission over United States dealers, due to increased investments and lessened sales field, $24.

3. Increased cost of materials purchased from Canadian vendors over and above the replacement of same from the United States due to Canadian increased cost of producing, $17.02.

4. Entering our purchase price on parts supplied by parent plant is a charge enforced by Canadian government in establishing a fair market value, $8.65.

5. Increase in Canadian direct labour cost, occassioned by smaller production, which production does not warrant the installation of improved labour-saving devices, $2.08.

6. Overhead expense, which can only be reduced to the United States overhead minimum by volume of production, which is at present impossible in Canada, $6.51.

7. Selling and commercial expenses which are occassioned by a lessened prospect ratio of sales, $6.69.

The Minister of Finance, at page 1647 of Hansard says:

While we all admit that Canada has more taxes than we would like to have, and more taxes than we had prior to the entry of Canada and of the whole world into the war, nevertheless Canada is not taxed to a degree that would induce any of our citizens to leave Canada and go and live in some other country.

This is not in accordance with the facts. A British subject whose income is earned and whose business is in the United States, while residing with his family in the border cities, where this whole American income is spent, is penalized for doing so. As an example, take a man who is a large owner and the general manager of a business, and who purchases and maintains a motor car for his use in the conduct of his business. Such a car is listed as an asset on the books of the corporation, and its operation is charged to the expense account so that its ownership can be very easily proved. Through an arbitrary and inflexible ruling of the Customs department many such persons have been forced over a period of years to pay customs tariff on cars so owned for the privilege of expediting passage from one's office to his residence. On the other hand to avoid paying such duty these persons could have an office boy—an American—drive them back and forth by bonding the car, as many Americans do, thus contributing not one penny in the shape of taxes, part of which would go towards helping to build and maintain these roads. Further, while spending no part of their income in Canada, they can drive their cars twenty-four hours a day for six months in the year, which is the period of the bonding limit. This is the grossly unfair feature of the regulation.

For the privilege of residing and spending one's whole American income in Canada, one is further forced to pay tribute in the shape of taxation, which, by comparison with the present rate in the United States, is excessive, the Canadian tax being approximately four or five times as large as one would pay to the United States government. From my personal knowledge, I could name dozens of well-to-do Canadian citizens who have moved to the United States owing to the comparatively heavy taxes in Canada.

The recent departmental ruling in regard to the stamp tax on cheques drawn on American banks is very unpopular with the banks in the border cities, and I presume it is the same at other international boundary points. Border cities bank managers positively know of Canadian firms, as well as American branch companies located in the border cities, who maintain accounts in Detroit banks on account of the stamp tax on cheques in general, and particularly because of the stamp tax on cheques drawn on American banks.

I would like to point out another fact that has developed, and which has been found to

be most irritating to customers of the border cities banks, and that is that very frequently American cheques deposited by bank customers in the border cities, after stamps were affixed and the cheques forwarded to Detroit for collection, were returned for various reasons unpaid, and the stamps detached before reaching the Canadian banks who had forwarded them. The result is that if Canadian banks are requested to reforward these cheques the customer is obliged to pay again the stamp tax, because the stamps must reasonably be affixed. I was told by one bank manager that a concern in Detroit had a deposit of quarter of a million dollars in a Canadian bank, and that the whole amount was withdrawn on account of this tax.

Before I take my seat, Mr. Speaker, I would like to congratulate you on your reappointment to the high office you have held since 1922. I am a new member of this House, and for that reason I am not much versed in the intricacies of parliamentary procedure, but since the session began I have been greatly impressed with the fairness and impartiality which at all times Your Honour has exhibited.

On motion of Mr. Fraser the debate was adjourned.

On motion of Mr. Robb the House adjourned at 11.50 p.m.

Tuesday, May 18, 1926

The House met at three o'clock.

REPORT

Second report of the select standing committee on Railways, Canals and Telegraph Lines.—Mr. Cahill.

VICTORIA DAY ADJOURNMENT

Right Hon. W. L. MACKENZIE KING (Prime Minister): By leave of the House I beg to propose the following motion which, if it does not meet with unanimous approval, may stand as a notice:

That when this House adjourns on Friday, the twenty-first instant, it shall stand adjourned until Tuesday, the twenty-fifth instant.

Motion agreed to.

POWER DEVELOPMENT ON THE ST. LAWRENCE

On the Orders of the Day:

Sir HENRY DRAYTON (West York): Mr. Speaker, I should like to ask my right hon. friend the leader of the House whether he has noticed the statement contained in this morning's papers to the effect that New York interests are seeking to make a very large development of power on the St. Lawrence, and that the consent of the government of Canada would first have to be obtained for any such development. Has any application for consent been made to the government?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, my hon. friend has been the first to draw the matter to my attention. I am not aware of any application of the kind having been made to the government. If any should be made, it will be dealt with in accordance with the policy laid down by the government at a previous session.

Mr. G. B. NICHOLSON (East Algoma): I would like to draw the attention of the government to a despatch from New York appearing in yesterday's Ottawa papers, as follows:

Licenses for the development of water power on the St. Lawrence river involving an expenditure of more than $200,000,000 will be granted soon to the Frontier Power Corporation of America, the Herald-Tribune learns. Although no official announcement has been made, the paper says that members of the state power commission have decided to ignore the threat of Governor Smith to make public development of water power the greatest issue in the state, and are ready to support the project of the Frontier Corporation which is a subsidiary of the Aluminum Company of America, the Dupont De Nemours Company and the General Electric Company.

Having regard to the very great importance of the question of development power on the St. Lawrence, has this matter of the proposed development in the state of New York been brought to the attention of the government, and are the government taking any steps to protect Canadian interests in this connection?

Mr. MACKENZIE KING: This has been brought to the attention of the government by my hon. friend (Sir Henry Drayton) who is now leading the opposition. He mentioned it a few moments ago and the member for East Algoma will find my reply in Hansard tomorrow. It will, I think, answer his question.

HOME BANK DEPOSITORS

On the Orders of the Day:

Mr. PETER McGIBBON (Muskoka-Ontario): Mr. Speaker, the Toronto Star contains an article to the effect that the Home Bank depositors have not been able to get their 35 per cent because some of them have not enough influence with this government. I should like to ask the Prime Minister if the statement is true; and, if so, will he see that this condition is remedied?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I can assure my hon. friend that influence or the absence of influence will not have any effect in this matter. I understand that recently some of the depositors met to consider the position in which they find themselves, and that they are coming to Ottawa to make certain representations as to their claims. As soon as those representations have been heard I shall be in a better position to tell my hon. friend their substance.

TARIFF ADVISORY BOARD

REPRESENTATION OF THE PUBLIC AT HEARINGS

On the Orders of the Day:

Mr. GEORGE SPENCE (Maple Creek): Mr. Speaker, I desire to draw the attention of the government, and particularly that of the Minister of Finance (Mr. Robb) to an article which appeared in the Ottawa Citizen of yesterday, headed, "Tariff board to hear plea of steel firms." This is the article:

> Of several appeals already before the advisory board on tariff and taxation, the first to be considered will be those originating from two Canadian steel companies—the Algoma Steel Corporation and the British Empire Steel Corporation Limited. These applications will be taken up by the board at a meeting to be held in Ottawa on Wednesday, May 26, at 10.30 a.m.
>
> The applications from the two companies named are based upon the incidence of tariff on various phases of the Canadian steel industry, with special reference to drawbacks, unequal costs, depreciated currency and several other factors.

Manifestly, Sir, this is only the forerunner of many such applications, and what I want to know is this: As a humble citizen and one of the great consuming public of this Dominion, how am I going to be represented before that commission? Has the government made provision for such purpose? If not, why not?

Hon. J. A. ROBB (Minister of Finance): The department received applications from two steel companies, if I remember correctly, desiring to be heard before the tariff board. I referred these applications in the regular way to Right Hon. Mr. Graham, chairman of the board, who told me that he was going to fix a day when there would be a general hearing, and all the steel interests of Canada and those interested either for or against a higher tariff would have an opportunity of coming before the board and making their representations. I am sure Mr. Graham will be as glad to hear my hon. friend as to hear any other citizen of Canada.

SENATE VACANCY—MR. LOGAN

On the Orders of the Day:

Mr. G. T. MacNUTT (Colchester): In view of the statement made by Mr. Logan of Cumberland, Nova Scotia, at a meeting a short time ago in the town of Parrsboro, to the effect that he had received an appointment to the Canadian Senate, at which meeting he received the congratulations of the mayor of that town and others, I would like to ask the Prime Minister if that statement is correct.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am not aware of any such statement having been made. Mr. Logan has not made that statement to me. When he does so I will give my hon. friend a further answer.

REPORT OF CIVIL SERVICE COMMISSION

On the Orders of the Day:

Hon. H. H. STEVENS (Vancouver Centre): I would like to ask if the long awaited report from the Civil Service Commission to the government is ready for publication, and if the government have come to a decision in regard to the matter.

Right Hon. W. L. MACKENZIE KING (Prime Minister): As my hon. friend knows, Mr. Speaker, a sub-committee of the council was appointed to consider the report from the Civil Service Commission, and a number of representatives of the civil servants, both of the inside and outside services, asked to be heard before that committee. They were heard, and requested that the report be not acted upon at present, but that it be referred back to the Civil Service Commission in order to permit them, the civil servants affected, to make further representations. They contended that they had not had the opportunity to make the representations they would have liked to make before the Civil Service Commission, and asked that this opportunity be now given them. The government has thought it advisable to meet their request in that regard and the report is being referred back to be dealt with when the commission is reconstituted.

PROPOSED NEW LINE TO PACIFIC

On the Orders of the Day:

Mr. A. DeWITT FOSTER (Hants-Kings): On May 14, after drawing attention to an article appearing in the Canadian Gazette of London regarding a new line to the Pacific coast, I asked whether representations had been made by the Canadian Pacific looking

to the acquisition of that line. The Prime Minister referred the question to the Minister of Railways, who on Monday said that the department had no information. Am I to understand that he speaks for all the departments of the government in making that reply?

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): I have not had an opportunity of consulting all my colleagues in regard to the matter. I answered the question so far as it related to the Department of Railways. I do not find around me anyone who has more information than I have in connection with this matter.

CANADIAN NATIONAL RAILWAYS

DISCLOSURE OF CERTAIN INFORMATION REGARDING OPERATION

On the Orders of the Day:

Mr. A. DeWITT FOSTER (Hants-Kings): I asked another question in reference to the purchase by the Canadian National Railways of an electric line running from about Moreau street to Bout de l'Ile, to which the minister replied that the railway has been acquired for general railway purposes, but that the management considers it not in the public interest to publish the price. Am I to understand that information as to the price will be given at a later date, in committee or at some other time, or is this a final refusal to give the House this information?

Hon. CHARLES A. DUNNING (Minister of Railways): It is my practice, and has, I believe, been the practice of former ministers to refer inquiries relating to Canadian National matters to the management of that company. Many questions have been asked and are being asked about which it has not been considered in the public interest to give detailed information. I think the House is fairly familiar with past practices in that regard. However, I have on the order paper a notice of motion regarding the appointment of a special committee with respect to government railways. When that committee is sitting the officers of the Canadian National Railways will be present and any question which has not been previously answered satisfactorily may then be directed to the officials of the railway. I cannot guarantee that an answer will be returned in every case, because everyone knows that in a great business institution it is not always the part of wisdom to make public all information and details regarding its operation. I feel sure the committee will straighten out matters of that kind, and my hon. friend will be satisfied.

[Mr. Foster.]

Sir HENRY DRAYTON: I realize very well that we cannot discuss this matter at present, but I would hesitate very much in believing that the minister is now stating the considered policy of the government. So far this House has never been refused in the answers to questions on the orders of the day information as to capital purchases. It will be a very startling proposition indeed if that policy is to be carried on in the future.

Some hon. MEMBERS: Order, order.

Mr. SPEAKER: The hon. gentleman is out of order.

Sir HENRY DRAYTON: But I think this is really a matter of some public importance, and I therefore put it—

Some hon. MEMBERS: Order.

Sir HENRY DRAYTON: If my hon. friends insist I will move the adjournment of the House in order to discuss this matter of public importance.

Mr. SPEAKER: The hon. gentleman must be allowed to conclude his question.

Sir HENRY DRAYTON: I would have thought so. Having pointed out the importance of this matter I was about to ask if that is the considered policy of the government. Are proper questions, properly put, involving no question of management or of operation but relating to capital account, not to be answered in this House? That is the question.

Mr. DUNNING: My hon. friend is surely making a mountain out of a mole hill; I made no such statement of general policy on behalf of the government. I told the hon. gentleman who asked the question how he might get the information with which he has not already been supplied. So far as the general question is concerned I think probably something is to be said for the position taken by the hon. member for West York (Sir Henry Drayton). Speaking offhand, I cannot think of a circumstance which would involve the refusal of information as to capital purchases. Perhaps my hon. friend will take my assurance that there is no intention on the part of the government to introduce a change of policy in regard to this matter.

Mr. O. B. PRICE (Westmorland): Just in this connection, I would like to direct the attention of the Minister of Railways to the fact that within the last two or three weeks I had a question placed on the order paper regarding the amount of tonnage handled by the Canadian National Railways at St. John,

New Brunswick and at Portland, which I wished for comparative purposes. The answer given was that it is not in the interests of the railway to divulge that information. Now I wish to point out that the Prime Minister of this country, speaking at Moncton, New Brunswick, on October 13, 1921, promised that if returned to power—

Some hon. MEMBERS: Order, order.

Mr. SPEAKER: Order. The hon. gentleman is out of order.

Mr. PRICE: I want to ask—

Mr. SPEAKER: No debate can take place at this stage. The hon. member is out of order.

Mr. PRICE: I would like the privilege of asking the Minister of Railways (Mr. Dunning) if he proposes to continue the attitude which he has assumed with regard to this matter and also with regard to other matters which are coming up concerning the people's railway. I would like to know if it is his intention to give this House the information to which it is entitled and to which the country is entitled, or if he proposes to continue to refuse—

Some hon. MEMBERS: Order.

Mr. PRICE: I want to know, are you going to give me the information or are you not?

Mr. DUNNING: I have no intention, Mr. Speaker, neither has the government any intention, of withholding from this House any information to which it is entitled upon any matter whatsoever. This particular matter has been attended with difficulty ever since this country entered upon the railway business. Previous ministers of railways on both sides of the House have had the same difficulty with it, as the records of Hansard will demonstrate.

As to how far it is wise to make public through the medium of this House the details of the business of the Canadian National Railways, for the benefit of the competitors of the government railways, is a question which I have constantly to endeavour to decide, just as previous ministers of railways have had to decide it in relation to all matters of this kind. I may make errors, but they will be honest errors.

Some hon. MEMBERS: Order.

Mr. BOYS: This is a speech, not an answer.

Mr. SPEAKER: The hon. minister is quite in order. Three questions have been put to him, one by the hon. member for Kings-Hants (Mr. Foster) another by the hon. member for West York (Sir Henry Drayton) and another by the hon. member for Westmorland (Mr. Price), all bearing on the relation between the government and the Canadian National Railways. The minister is trying to convey to the House what was the policy followed by previous ministers with regard to such matters. But I would suggest, if the House will take it from me, that it stop this debate at once and proceed to business.

Mr. DUNNING: May I be permitted, Mr. Speaker, to finish my answer?

Sir HENRY DRAYTON: Commence it.

Mr. DUNNING: I may err in judgment as to what it would be against the interests of the railway to make public, but I can assure the House that it will be my endeavour at all times to make public the maximum of information which can be made public without detriment to the real interests of the Canadian people and their interests in this railway.

Mr. PRICE: Mr. Speaker—

Mr. SPEAKER: Order.

INQUIRY FOR RETURN

DISMISSAL OF MR. ALEX. D. KING

On the Orders of the Day:

Mr. ROBERT K. SMITH (Cumberland): I should like to inquire from the Acting Postmaster General in this House with respect to a motion I placed on the order paper early in the session calling for the production of documents in connection with the dismissal of Mr. Alex. D. King, postmaster of Oxford, in the county of Cumberland, Nova Scotia. This order was passed by the House on the 15th of March, but the papers have not yet been tabled. May I inquire when I may expect them?

Hon. ERNEST LAPOINTE: I shall be pleased to make the necessary inquiry, but I should not be surprised if the papers had already been tabled.

Mr. SMITH: They have not been tabled yet.

Mr. LAPOINTE: We will see.

THE BUDGET

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

The House resumed from Monday, May 17, the debate on the motion of Hon. J. A.

Robb (Minister of Finance), that the Speaker do now leave the chair for the House to go into committee of Ways and Means and the proposed amendment thereto of Hon. R. J. Manion.

Mr. I. D. MACDOUGALL (Inverness): Mr. Speaker, there was a time in Canadian politics when the attitude of government and opposition was so partisan, so uncompromising, that neither could predicate any virtue of the other. Both were agreed that so far as the other was concerned "no good could ever come out of Nazareth." In those days it was considered an unpardonable political crime for a member sitting in opposition to think that the government could ever be right, and it were veritable treason for a supporter of the government to imagine that the government could ever be wrong. For my part, Mr. Speaker, I subscribe to no such view. In this House I give my allegiance to the Conservative party, because I have faith in that party; in its policies and its principles, and because I have faith in its leader, who, for constancy of purpose, and rare gifts of intellect, has certainly no equal in this parliament, and perhaps has had no peer in any parliament that Canada has had since confederation. But these considerations shall deter me never from discussing questions of great national importance in a manner devoid of prejudice and with an eye single to my country's good, as it is given me to discern that good. For this reason, Mr. Speaker, I feel that I am guilty of no serious political heresy when my first words on the budget are words of sincere congratulation to the hon. Minister of Finance (Mr. Robb) upon the masterly manner in which he presented his budget to parliament. I am happy to be able to add that my congratulations may properly extend beyond the mere external form in which that budget was presented, for there are many things in the budget itself with which I am heartily in accord.

We are told, for example, that the financial condition of this country has improved. I do not question that statement; I do not desire to dispute it. As long as it is my privilege to occupy a seat in this House, any information to the effect that our country's finances are in an improved state wil be received by me with genuine pleasure and acclaim, no matter of what political stripe the Finance minister may be who makes that announcement.

The present budget also gives promise of a somewhat substantial reduction in taxation. This laudable and desirable end is to be obtained, in the main, by the reduction in the sales tax and the abolition of certain other nuisance taxes, for the most part imposed by the present administration upon the Canadian people. In taking this step the government but does belated justice to the Canadian taxpayer. It but removes from his path a few of the snags and thorns with which this administration has bestrewn his path since assuming office in 1921. When the administration led by my right hon. friend (Mr. Meighen) who, unfortunately, due to illness, is unable to take his place in this House at the present time, went out of office in 1921, the sales tax in this country stood at 1½ per cent to the manufacturer and 1½ per cent to the jobber. In the first year of the King administration that tax was increased to four and a half per cent. In the second year of their administration the King government, not content with that increase, further increased the sales tax to six per cent. This unwarranted and unjustifiable increase served to seriously hamper and impede Canadian business in this country. So numerous were the protests against this excessive increase that in 1924 the King administration reduced the tax from six to five per cent where it remained until the present reduction was announced. There can be no doubt that the serious, the heavy, increase in direct taxation imposed by this administration upon the Canadian people since 1921 constituted one of the major grievances of the people against the King government during the last federal election and, perhaps, Sir, in the salutary and chastening effect of the last election we may seek and find the real explanation of those reductions in taxation now so tardily announced, for verily, in the case of all governments, the fear of the people is the beginning of wisdom.

The budget proposes that after the first of January, 1927, the benefits of the British preferential tariff shall apply only to goods conveyed direct without trans-shipment into a sea or river port of Canada. I am in hearty accord with this proposal. It is a step in the right direction, and I commend the government for taking it. I point out, however, that trade statistics for 1924 show that in that year we imported British goods to the amount of $153,586,000. Of that amount $152,586,000 worth came directly through Canadian ports. If these figures are correct this proposal will apply to substantially less than one per cent of the goods coming from Great Britain to Canada, consequently it will not mean a great revival in

trade or commercial activity through Canadian ports. However, it is a step in the right direction, and since it is not often that this government takes a step in the right direction, I heartily commend it.

We had a protracted and somewhat heated discussion over the proposal to reduce the duty on automobiles. Let me say, Sir, that I hold no special brief for the automobile industry in Canada. My attitude towards that industry is essentially the same attitude that I take towards every other great and useful industry. My desire is that it may prosper and develop, returning fair dividends to those who have invested their money in it, providing a continuity of employment and living wages for Canadian workmen, and giving fair prices to the Canadian public. What measure of protection will enable that industry to perform these functions I am unable to say, and no other member in this House, whether he be opponent or supporter of the government, can so determine without first having a full knowledge of all the facts relating to that industry. The only way these facts can be ascertained and a just and intelligent decision arrived at is by referring the question of the protection to be accorded that industry to a competent and impartial fact finding commission endowed by the government with all the necessary powers to investigate, and to furnish parliament with a report based on such investigation. Even in ordinary circumstances this would have been the proper course for this government to pursue, but, Sir, I submit that in the present instance the government can adopt no other course without forfeiting its dignity, its honour and its self respect. For in the Speech from the Throne the government adopted the policy of investigation by a tariff commission. I quote from the publicly declared policy of the government, incorporated in that speech —and perhaps the right hon. leader of the government will recognize this quotation:

> —that in the interest of industrial development every effort should be made to eliminate the element of uncertainty with respect to tariff changes; that changes in the tariff should be made only after the fullest examination of their bearing upon both primary and manufacturing industries and that representations requesting increase or decrease of duties should be made the subject of the most careful investigation and report by a body possessing the necessary qualifications to advise the ministry with respect thereto.

This language, Mr. Speaker, is not ambiguous; there is seemingly here no equivocation; there is certainly no qualification and no limitation. The policy of the government, namely, investigation by a tariff board, was to apply to all the industries in Canada enjoying any benefits under our protective system. By taking the course outlined in the budget with respect to the automobile industry the government completely stultifies itself, ignores its publicly promulgated policy on the fiscal question, and shamelessly breaks faith with the Canadian people. By proposing this reduction without investigation this government singles out one industry from the hundreds in this country enjoying benefits under our protective system, sits in judgment on that industry, and renders an adverse verdict without giving those affected an opportunity to be heard or to call witnesses in their own behalf. How can we square that action with our much belauded sense of British justice and of British fair play?

Now, Sir, I wish to make my stand on this question absolutely clear. Let me candidly assert that had the case of the automobile industry been referred to a tariff commission, and had a full and impartial investigation revealed that the duties should be reduced by ten or fifteen per cent—aye or by twenty per cent—I would, certainly under those circumstances have supported such a recommendation in this House. But, Sir, I shall not sanction, and I never shall support, a blind step that may seriously dislocate and perhaps ruin an important and useful Canadian industry, especially when such a blind step is taken in direct contravention of the government's publicly declared policy on the fiscal question. I may point out that those who aid and abet this administration in violating its plighted word to the Canadian people do no very great credit to themselves; and no real service to this government. Nothing will more effectively destroy respect for all constituted authority in this or in any other country than for a government, the very embodiment of that authority, to treat with wanton disregard its plighted word and deliberately break faith with the country. These, I might say, are testing days for constituted authority, not only in our country, but the world over. Men are to be found even in Canada who would desire to bring all constituted authority into popular contempt. Whoever else may assist these misguided souls in their nefarious work, they certainly should not have their cause advanced by the actions of the government of Canada. Whatever else a government may or may not do, it certainly should not violate its plighted word, or disregard its publicly declared policy. Faith must be kept with the people if constituted authority is to be respected by the people. I commend that proposition to the present government.

There is yet another aspect of this question, and one that I approach with very

great diffidence and reluctance. I apprehend that the attack on the protective system made in contravention of the government's fiscal policy, on an industry located in Ontario, a province having no effective voice in the government, may cause a repetition of those lamentable provincial and racial prejudices from which Canada has suffered in the past, and which all true Canadians must deplore. I might say, without wishing to re-open old sores, that there was a time, when the great English-speaking province of Ontario, and the equally great French-speaking province of Quebec were separated by a gulf created by misunderstanding and prejudice. We all know something of the difficulties which statesmen from both of these great provinces experienced in their efforts to reconcile differences in the legislative union of upper and lower Canada. It was to overcome an impasse created by prejudice that the statesmen from both provinces conceived the idea of effecting the larger union of 1867. Even after confederation was achieved the greatest difficulty which confronted Canadian statesmen was to reconcile the rival claims of the different provinces, different races and different creeds. To accomplish this great ideal Sir John A. Macdonald laboured long, faithfully and successfully. Shortly after he passed from the political stage in this country his work was taken up by a no less distinguished Canadian, a French Canadian, the great and gifted Sir Wilfrid Laurier. We know well with what reluctance Sir Wilfrid Laurier accepted the leadership of his own party. He feared that his race and creed might interfere with his party's chances for success at the polls, but Sir Wilfrid Laurier triumphed over prejudice. He had not advanced far on his brilliant career before his name became respected in all, and revered in thousands of, English speaking homes in every province of this Dominion. Sir Wilfried Laurier won and retained the confidence of English speaking Canadians, because he was ever willing to concede to other provinces, to other races and to other creeds that same measure of justice that he desired for his own. If he were alive to-day and leading this government—and I imagine in their hearts hon. gentlemen must feel that they are experiencing a great loss because he is not here, and sometimes when they contrast Sir Wilfrid with their present leader, they must "sigh for the touch of that vanished hand and the sound of that voice that is still"—if he were alive to-day and leading this government, would he advance or sanction a measure, the effect of which is to deny to one of Ontario's important industries the same treatment which this government concedes to all other protected industries in all other provinces of Canada? He certainly would not countenance such a thing, and I appeal to the representatives of Quebec, you who followed and revered him, not to sanction by your support an injustice which Sir Wilfrid Laurier would certainly have scorned to perpetrate. I do not say, Sir, nor do I believe that it was the voice of Quebec which compelled the government to mete out unequal treatment to an Ontario industry. We may shrewdly guess from whence the pressure came. It probably came from a small coterie of well-meaning theorists in the Liberal and Progressive ranks who preach free trade in respect to all commodities, but show their good sense by limiting its practical application to a single ingredient of a rich man's cocktail. Now, Mr. Speaker, it is alleged by those who support the government in reducing the duty on automobiles that public sentiment favoured such a reduction. If public sentiment is to determine the fiscal policy of this country, then it follows, as necessary corollary to that argument, that in cases where public sentiment favours an upward revision of the tariff, such increases should also be made without reference to the tariff board.

4 p.m.

This brings me directly to the case of the two great basic industries of my native province, steel and coal. There is a strong public sentiment in Nova Scotia, I might almost say that there is complete unanimity among the Liberals and Conservatives in that province, in reference to the need of increased protection for both of these industries. In respect of the steel industry, the steel workers of Sydney, who number among them Liberals, Conservatives and Labour men, recently passed a resolution calling upon this government to grant increased protection to the steel industry; nor has the Liberal press in the province been silent on the subject. The Sydney Record, a very estimable paper, which is looked upon as the accredited organ of the Liberal party in the island of Cape Breton, has been printing for the last three months editorials pointing out the urgency and the desirability of increasing the duties on steel and iron products. In doing this that Liberal paper is but adopting the same editorial policy which the Conservative journals in the province of Nova Scotia have steadfastly maintained for a long time. Next to coal the steel industry is one of the most important industries in that province. Around it the city of Sydney has sprung up. That city, with a population of 25,000 souls, depends entirely

upon the steel industry. If this industry should cease to operate, in a few months time grass would be growing on the streets of Sydney, and the same is virtually true of New Glasgow and Trenton in the county of Pictou. So anxious were the people of Nova Scotia to establish this steel industry that they personally subscribed about one and a half million dollars to the capital stock of the steel companies operating in that province. For the most part this stock was subscribed by men and women of limited means. It represents the accumulated earnings of years of hard work. If the government does not come to the assistance of the Nova Scotia steel industry at the present juncture to protect it from the unfair competition of foreign countries, where the currency is depreciated and labour is cheap, then that industry will in all probability go into bankruptcy. At this moment it stands trembling upon the very brink of financial collapse. Now if public sentiment permitted the government to make a departure from its fiscal policy in respect of the automobile industry, public sentiment should also allow it to make an upward revision in the tariff in the interests of iron and steel products.

I was amazed a few months ago to hear the Minister of National Defence (Mr. Macdonald, Antigonish) telling the House and the country from his place in parliament that he was opposed to any further increases in the duties on iron and steel products. I know, of course, that the hon. gentleman is not now representing the industrial county of Pictou; I am fully aware of the fact that he is a political exile from the county of his birth. But surely he still cherishes that fond regard for his native county which we all cherish for the place of our birth. I appeal to him, therefore, to join with the Nova Scotians who are making an effort to save the industry, even if he has to repudiate the stand which he took in this House on a certain occasion when he was making a plea for Progressive support to keep the government in power.

I do not intend to discuss at any length the coal industry of Nova Scotia and of the Dominion generally, having dealt with it extensively on previous occasions. I have discussed the subject dispassionately and have adduced irrefutable facts to show that the industry is suffering from unfair competition from the American bituminous mines. I may point out that, because of geographical advantages which they enjoy, the coal miners of the United States can turn out an average of 5.7 tons of coal per man per day while in Nova Scotia our miners can produce only 1.7. In a great many instances the United States miners can put coal on board the cars at the pit mouth in the bituminous fields at less than $1 per ton, and in almost every case they are putting coal on the cars at a lower cost than the industry in Nova Scotia pays for labour alone. When we entered confederation we were promised a market for our coal in central Canada, and that market is there. Central Canada imports easily over 15,000,000 tons of coal per annum, sending out 120,000,000 Canadian dollars to pay for its supplies obtained from the American fields, thus providing work for American miners. That market in central Canada rightly belongs to the provinces of Alberta and Nova Scotia. I say, therefore, that we need a fuel policy inaugurated and kept in force by the Dominion government to enable us to have ready access to the market that should undoubtedly be supplied by our mines.

I was interested in the speech of the hon. member for Shelburne-Yarmouth (Mr. Hatfield) last night. It was one of those beautiful canned speeches which the Minister of National Defence probably sent to every Liberal candidate in Nova Scotia at the last general election. I recognized in it the fine Italian hand of the minister. I could almost visualize our opponents in the last federal election standing up in the little country schoolhouses and delivering an address substantially of the same character. Perhaps that accounts for the fact that in counties traditionally Liberal, Conservatives were elected by substantial majorities. The hon. member said that we could not look to central Canada for a market for our products. I should like the leader of the government (Mr. Mackenzie King), who made the same statement in the Maritimes, to tell this House to-day where we could sell our coal and steel products if not in the markets of central Canada. I have gone thoroughly into the question and I may assure the government that if we are precluded from the markets of central Canada we shall be able to work our coal mines only two days a week while our steel industry will operate for just a day and three-quarters in the week. Central Canada is our natural and rightful market for the steel and coal products of the province of Nova Scotia, and it is upon these two industries that the prosperity of agriculture in that province depends. If we are given an opportunity to develop these industries we can provide an ample home market for the farm products of Nova Scotia.

I shall refer now for a moment to a matter that interests my own constituency peculiarly,

and having discussed it I shall have done. Some hon. gentlemen think that all the coal areas in Nova Scotia are owned and controlled by the British Empire Steel Corporation. For their information let me say that in the county which I have the privilege and the honour to represent in this House, however feebly, we have extensive virgin coal fields. We have, it is estimated, over 2,000,000,000 tons of coal available in the county. At present capitalists cannot be induced to undertake the development of the industry for the simple reason that we have not enough protection to induce them to invest. The result is that in my county we have only one small mine working, employing about 450 men and producing about 600 tons of coal a day, whereas if we had an adequate measure of protection and cheaper transportation which would enable us to take advantage of the markets of central Canada we could produce in that county, not 600 but 20,000 tons daily. One reason why we have so far been unable to develop these coal areas is the fact that we have been denied, both by Liberal and by Conservative governments, adequate transportation facilities in the county. We have had in this parliament during the present session a discussion on the Hudson Bay railway. From my place in this House I told the representatives of western Canada that if I were convinced that the railway would assist in developing that great western country it would certainly have my support. I still maintain that attitude, and I intend to support the measure on the terms which I suggested. But I think I am within my rights in asking these same people, in view of my sympathy with their transportation requirements, that they take the same attitude towards the transportation needs of the county I represent. We require the construction of a railroad of some sixty miles from the town of Inverness to Cheticamp to open up one of the most highly mineralized sections of Nova Scotia and, indeed, of the Dominion. I know it would be useless to ask the government to provide a million dollars in the estimates to construct this road inasmuch as I have no Progressive support to offer them; but I am going to appeal to the leader of the government, who, however much we may disagree with him and his government on his policies, is after all a Canadian and wants to see every section of the country prosperous. He has appointed a commission to investigate Maritime rights. That commission will be going to the province of Nova Scotia and I would ask that it be instructed to visit the county of Inverness to look into the transportation needs of that district. It is only a small thing I ask of him, and I think that in justice to the people whom I represent he will certainly not deny it.

[Mr. Macdougall.]

Now, Mr. Speaker, I have given expression to my objections to the budget. I agree with some of its features, but I cannot bring myself to support the budget because it gives no material assistance to the basic industries of the province of Nova Scotia—the industries of steel and coal.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I say at once how much I regret that the right hon. leader of the opposition (Mr. Meighen) is prevented through illness from being in his seat to-day. My right hon. friend is not one who lightly abandons any duty which pertains to his office, and I am sure it is very much against his will that he is not now in the House. I sincerely hope that his indisposition may be of brief duration, and I know I speak for all on this side of the House when I say that we shall be glad indeed to join with his friends opposite in extending to him a very hearty welcome back at the earliest possible moment.

Perhaps my hon. friend who has just taken his seat (Mr. Macdougall) will not deem me guilty of discourtesy if I do not attempt to comment seriatim upon the various points he made in the course of his address, but rather deal with them incidentally as I develop what I have to say this afternoon. May I say to him, however, in passing, that notwithstanding some personalities, which I do not think added at all to his speech, his presentation this afternoon was very worthy of one who comes into this House as a new member and addresses it for the first time.

I am not sure, Mr. Speaker, that the absence of my right hon. friend is as significant at this moment as it might have been had this debate not now been in progress for over a month. I believe that everything which could be said by my right hon. friend has already been expressed by those who sit around him. I admit that he would probably have added some pointed and pungent remarks which would have lent zest to the course of the debate, but so far as the argument itself is concerned I think everything that could be said against the administration has been said by one or other of hon. gentlemen opposite, and I doubt if anything could be added from their point of view with reference to the merits of their side of the case as they may see it.

In the absence of my right hon. friend I shall attempt this afternoon to address my

remarks especially to those criticisms which have been made against the government in a general way, and against myself in particular. I might as well begin at once by referring to the speech which I made in North York in September last, and which has been referred to so frequently in the course of this debate. Listening to the remarks of my hon. friends opposite, I take it they feel that because, in appealing to the country on September 5 last I ventured to express the hope that the government would be returned with a larger majority than it then had, and because my hopes and expectations in that particular were not realized as fully as I had wished they might be, they should now be sitting on this side while I and my party should be occupying their seats. That seems to be the essence of the criticism with reference to the remarks I made at that time. I do not think my hon. friends opposite have fully appreciated the real point of my speech in the particular to which they have so frequently referred. I was explaining to the electors of North York the reason why it seemed advisable to the government not to proceed to hold a fifth session of the then parliament, but rather to seek the return of a new parliament at an early date. I pointed out that there were strong reasons why in the national interest the government with the small majority we then had should not attempt a last session of an expiring parliament; that anything of the kind would certainly prove to be an expensive business; that the government would find it very difficult to bring forward any measure which would not be controverted by hon. gentlemen opposite and its purpose misconstrued. I also pointed out that another very serious consequence of attempting to carry on for a fifth session would be the continuance of the detraction to which, despite the improved and improving conditions in the country, we had been obliged continuously to listen during the last two sessions of that parliament. The result of further misrepresentation of conditions would, I contended, inevitably have been that the prosperity to which we were all looking forward so earnestly in the interests of our country would be impeded and delayed.

That was the theme I sought to develop, I was dwelling entirely upon the difficulty which any administration must encounter by holding on with a small majority through a last session of parliament. Indeed, as I recall the facts, at the moment, I stressed the point that in that particular Liberal administrations had taken a different attitude to that followed in previous years by Conservative administrations. I cited the fact that when the old Conservative administration of which Sir John A. Macdonald was leader had been in office for a period of eighteen years, notwithstanding the death of their great leader, hon. gentlemen of the Conservative party of the day contrived to hold on to office until the very last hour of the last day of his last parliament—that the Right Hon. Sir John A. Macdonald was succeeded by the Hon. Sir John Abbott, that Sir John Abbott was succeeded by Sir John Thompson, who in turn was succeeded by Sir Mackenzie Bowell, and that Sir Mackenzie Bowell was succeeded by Sir Charles Tupper, who continued to hold office until the clock struck the last minute of the last day of the last session of that parliament. I drew attention to the fact that the Liberal party did not think the best interests of the country could be served by continuing to hold office in that way. I further drew attention to the fact that when Sir Robert Borden succeeded to the leadership of the Conservative party he held office for the complete five years, and that when the term was extended by mutual agreement for a year beyond that permitted by the constitution as originally drafted, he continued in office until the very end of the period alloted. That was the point which I was seeking to bring to the attention of the electors. I stated it to be my view that the country was entitled to have an opportunity to pass upon the questions of the day and return a new parliament, which coming fresh from the electorate would be able to deal with important questions in accordance with the national will as then expressed.

During the course of the general election there was another point on which I laid a great deal of stress, and I should like to remind some hon. members of it this afternoon. I took occasion, wherever I spoke, to point out what seemed to me a very great mistake that was being made by some of those who were opposed to the policies of hon. gentlemen opposite. It seemed to me that forces which should have been united were divided, and as a consequence of their division that there was a weakening of their position in the face of a common political foe. Since I have had the honour of leading this party I have stressed the importance of all groups having great interests in common joining closely together on the principles they hold in common rather than emphasizing minor differences which in turn lead to divisions that not only serve to weaken their own ranks but correspondingly to increase the strength of those whom they commonly oppose. That was my position, and I think the result of the election has shown very clearly that the position then taken, in the interests of those who have at heart some

of the great, fundamental principles of Liberalism as it is known in a broad way, was amply justified. Happily, since the election I think the principle I was then emphasizing has come to be appreciated more widely throughout the country and in this House. Those who are opposed to hon. gentlemen opposite on a great question such as that which we have been discussing during the past month have seen very clearly that the interests which they have in common are much greater than the minor differences which divide them, and I must thank hon. gentlemen opposite for having helped in a most effective way to make clear the line of cleavage.

Now, Mr. Speaker, may I come at once to the amendment which is before the House. In doing so I must say that I think the House was entitled to have had from hon. gentlemen opposite, in the form of an amendment to the budget, something which would be at least expressive of their own fiscal policy, that is to say, if they are really serious about it. We heard a great deal during the last election of hon. gentlemen opposite fighting for increased tariff, for higher protection, for the maintenance of an all round protective tariff and the like. The right hon. leader of the party took the position that that was the only outstanding question, and a large number of his candidates in different parts of the country stressed that point very strongly. All through this debate most of the hon. gentlemen opposite who have spoken have laid particular emphasis on the need of a consistently maintained protective tariff, to put it in its mildest form, while some have spoken of the need for higher protection. I submit, Mr. Speaker, that in a budget debate where a great issue of this kind is being discussed, hon. gentlemen opposite might have been expected to frame some statement in the form of an amendment which would have expressed an attitude they have in common. The fact that they have not done so, it seems to me, makes it perfectly clear that despite all their professions and protestations on the subject, hon. gentlemen opposite are not united on the question of all round protection.

My hon. friends opposite have been fond of pointing over to this side of the House and saying that there were members seated here who favoured protection, and they sought to have it appear that this side of the House is not of one mind on these questions of the tariff.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: My hon. friends say "hear, hear.' At all events I would say that we had the courage to state our position regarding higher protection in no uncertain terms in the Speech from the Throne, and we are stating it in no uncertain terms in the resolutions which the Minister of Finance will bring in when this debate is concluded. We have unhesitatingly stated our position in a very clear and emphatic way.

But I can imagine what has happened, Mr. Speaker. The Minister of Finance introduced his budget on a Thursday afternoon. On the following Tuesday afternoon the hon. member for Fort William (Mr. Manion) brought in the amendment now before the House. May I describe it at once as a milk and water amendment, one portending neither good nor ill, to any of the hon. gentlemen opposite, in so far as the different constituencies they represent are concerned. The amendment does not touch the vital question of tariff at all; it relates solely to a matter of procedure, nothing more or less. It leaves absolutely alone the great question in virtue of which hon. gentlemen say they should be in office.

In the days intervening between the Thursday and the following Tuesday of which I spoke, hon. gentlemen opposite had their caucus, as everyone knows. It is not for me to say what went on in that caucus; I do not pretend to know and I do not wish to know, but I can imagine very well that the right hon. leader of the party—and in this I will say that I think he is consistent and fearless in his stand—would have liked to have a resolution brought in as an amendment to the budget declaring for a consistently maintained protective tariff. No doubt he and some of his friends so expressed themselves, but when they began to look over the field and take a census of their members, they found that many gentlemen from the Maritime provinces, though they were prepared to talk about Maritime rights and to take their seats in this House on the cry of Maritime rights, were not prepared to include all round protection in the list of Maritime rights. And I think they also found that my hon. friend from South Winnipeg (Mr. Rogers) and some of his friends from Manitoba and others from Alberta, when they were confronted with the thought of introducing an amendment on what has been claimed to be the main issue, namely, the question of a protective tariff consistently maintained, shied away from anything of the kind, and that after a while, the more the matter was discussed the fewer they found in their ranks who were prepared to stand

up and support an amendment to the budget declaring for a consistently maintained protective policy.

Mr. ROGERS: My right hon. friend is entirely mistaken.

Mr. MACKENZIE KING: I would go further, and say that I believe what I have said in regard to the Maritime provinces and in regard to Manitoba and Alberta is true also of a number of constituencies in Ontario represented by hon. gentlemen opposite.

An hon. MEMBER: Is Kitchener one?

Mr. MACKENZIE KING: I will have a word to say about Kitchener a little later on.

Now may I say, Mr. Speaker, that the attitude of hon. gentlemen opposite in presenting this milk and water amendment is all the more remarkable in view of the emphatic declarations made by the leader of the Conservative party during the last campaign. I will not attempt to quote these at any length, but I would like to read from the speeches delivered a few positive statements made during the recent campaign by the right hon. leader of the opposition as to the position of his party. Speaking at Wingham on September 9 my right hon. friend is reported in the Toronto Globe as having declared that—

> The basic, underlying policy which must be adopted if Canada was to recover and grow was an immediate revision of the tariff on a definitely and consistently protective basis.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: The applause to which you have just listened, Mr. Speaker, emphasizes the truth of what I have said. These gentlemen are prepared loudly to applaud a sentiment of the kind, but they are not prepared to bring in an amendment which gives expression to that view.

Let me quote another statement. On September 11, speaking at Leamington, the leader of the opposition is reported, through the Canadian Press, in the Ottawa Citizen, as follows:

> The first tariff he would raise if he got into power would be the tariff on agricultural products. It was absurd that early fruits et cetera should come into Canada without contributing to the revenue.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Hon. gentlemen opposite say, "hear, hear." Then why is there no amendment to that effect? Why this milk-and-water resolution on a matter of procedure and the vital principle of the tariff left untouched?

At Halifax, as reported in the Halifax Herald, of September 15, Mr. Meighen said:

> I say now that the tariff on coal should only be increased as a part of a general policy, a real definite protective policy such as the United States have adopted, and I would stand in the way of any increase in the coal duties as a single step by itself.

An hon. MEMBER: Hear, hear.

Mr. MACKENZIE KING: The "hear, hears" are getting fewer, I notice. Then coming to Amherst, on September 19, as reported in the Montreal Star:

> Mr. Meighen told his audience that he would put the tariff on products up to that of the United States in the first three months after he was returned to power, if successful at the polls. A protective tariff was the "dominant essential in the conduct of Canadian affairs."

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Hon. gentlemen say, "hear, hear." We have been in this House four or five months, and as yet they have not brought forward an expression of view along the lines their leader said he would adopt in the first three months after he was returned to power.

On September 1, speaking at Moncton, the right hon. leader of the opposition said:

> This Dominion has no chance for its industrial life save under a protective tariff.

On October 5, speaking at Edmonton, as reported in the Edmonton Journal, he said:

> The only way to secure to Alberta coal the great market of Ontario and the east generally is by the placing of a tariff against foreign coal, which with the additional aid of federal absorption of part of the freight rate on the long haul, will definitely put Alberta coal into the Ontario market. If elected to power I pledge myself to see that this is done.

May I draw the attention of hon. members to that statement? The right hon. leader of the opposition, speaking in Alberta, said: If elected to power I pledge myself to see that that is done, namely, that a duty is imposed which will permit Alberta coal to get into the market in this part of the Dominion. He did not say—and I have read the report with as much care as possible—he does not appear to have said in Alberta what he said in the Maritime provinces, that he would stand in the way of any duty being put on coal unless it was part of an all-round protective system. It was in that respect a very different statement he made to the people of the western province. To quote further:

> The first thing to be done is to place a duty on foreign coal which would effectually prevent it from competing with Canadian coal in its own home market.
>
> After the United States raised their tariff, I would have raised the Canadian tariff to the same height.

Then on October 7, at Vancouver, as reported in the Vancouver Province, he said:

We will first address ourselves to framing a tariff policy. We will put our tariff wall right up to the level of the American tariff wall.

At Calgary, on October 10, as reported in the Calgary Albertan, he said:

My pledge to the farmers is that the tariff on farm products coming into Canada will be just as high as the protective tariff on farm products going into the United States.

At Moose Jaw, on October 12, he is reported in the Regina Leader, as follows:

It had been said that Mr. Meighen would put the tariff on implements back where it was. "I will do that," declared Mr. Meighen.

Where are the "hear, hears" now? Not one that time. On October 20, at Woodstock, as reported in the Woodstock Sentinel Review, the right hon. leader of the opposition said:

Canada must have a protective tariff, not only for the farmers and the manufacturers, but for every class of production in this nation.

On October 21, at St. Mary's, he is reported in the Montreal Star as follows:

He announced his intention of imposing a tariff which would bring the Canadian duty on agricultural implements at least nearly as high as in the United States.

Then at Dunnville, on October 22, as reported in the London Free Press:

Mr. Meighen gave assurance that "the first thing the government will do after the 29th of October, just as soon as it can do it under the rules of parliament, will be to raise the farm products tariff right up to the American level."

Then at Toronto, on October 26, as reported in the Mail and Empire:

He (Mr. Meighen) agreed that a tariff could not be placed on coal except as part of a general policy. Second, regarding the output of the farm, he advocated a tariff right up to the height of the American level.

Again in Toronto, on October 26, as reported in the Star, he said:

It was only reasonable that a protective tariff system must be consistent, and the coal mines of Nova Scotia and Alberta would be given an opportunity to cultivate the home market.

Now we come to Kitchener, to which my hon. friend has referred. I notice that at Kitchener, speaking of the tariff, the right hon. leader of the opposition is reported to have said—I quote from the London Free Press, October 27:

We will take the tariff of farm products in this Dominion and the first thing we will do we will raise the tariff right up to the American level.

He touched not only on the duties at Kitchener, but also touched on the question of the British preference, and what did my right hon. friend say at Kitchener, speaking on the British preference? The Toronto Globe of the same date reports him as having said:

I believe the British preference is wrong in principle and unjust to the workers of Canada.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Hon. gentlemen opposite say, "hear, hear." I wonder what they would have said if I had made an utterance of that kind in Kitchener? I wonder what they would have said if I had selected the one community in this country that has the largest number of German citizens in it, to go there and say: "I believe the British preference is wrong in principle, and unjust to the workers of Canada."

Some hon. MEMBERS: Oh!

Mr. MACKENZIE KING: I confess I experienced some surprise when I read those remarks of my right hon. friend.

Some hon. MEMBERS: Oh!

Mr. MACKENZIE KING: What are my hon. friends moaning about? I say I did experience some surprise when I read those remarks. I really thought that my right hon. friend, while I have no doubt as to his sincerity in what he is there expressing, would have carefully avoided making that particular remark in Kitchener, that he would have confined such remarks on the British preference possibly to the city of Toronto or some other city in this country.

Mr. EDWARDS (Frontenac): Did my right hon. friend keep that in mind some years ago when the proposition to build a navy was up?

Mr. MACKENZIE KING: Yes, he had it in mind. There were a great many remarks attributed to me that were never uttered by me, if my hon. friend will do me justice in the matter.

Now I come to the last quotation, which I am making only for the purpose of illustrating what I have said already. On October 28, at Alexandria, as reported in the Montreal Gazette, my right hon. friend the leader of the opposition said:

The United States tariff on farm products should be met point for point, in the Canadian customs duties.

Now, Mr. Speaker, I say, after all these declarations made through this country, from one end to the other, in the course of a general campaign, appealing to the people of this Dominion to return him to power in order that he might form an administration to put

the protective policy into force, it does come indeed as a matter of surprise that when there has been such an opportunity as that presented by the budget now before us to introduce an amendment that would give expression to these views with respect to a protective policy, no amendment of the kind is made by hon. gentlemen opposite. There can be only one explanation, and that is that despite all their professions they are not, as I have said, themselves united on that question.

May I add, further, that the surprise is the greater inasmuch as a direct challenge was made to hon. gentlemen opposite on this very subject in the Speech from the Throne. The hon. member for Inverness (Mr. Macdougall), who was speaking a few moments ago, read a paragraph from the Speech from the Throne which is quoted in the amendment that is before the House. I need scarcely say that hon. gentlemen opposite had the Speech from the Throne before them when they were drafting the amendment. The beginning of the paragraph from which the quotation in question has just been made reads as follows:

> My ministers are of the opinion that a general increase in the customs tariff would prove detrimental to the country's continued prosperity and prejudicial to national unity. In their view the incidence of this form of taxation should bear as lightly as possible upon the necessaries of life and on agriculture and other primary industries.

Now, if hon. gentlemen opposite felt that was an expression of view which was not in accord with their own why did they not say so? Why did they not move an amendment challenging a statement of that kind? Very little was said as to this expression of view, however. I can see nothing in criticism of that declaration even in the debate on the Address; I do not know that it has been challenged during the entire debate on the budget. The government stated its position clearly upon the matter without any fear, and hon. gentlemen opposite could readily have stated their own position in as complete a way.

Now may I add this: The action of hon. gentlemen opposite in evading the whole question in their amendment is the more extraordinary and remarkable when one considers their professed solicitude for the manufacturing industries of this country and in particular for the automobile industry. May I point out this fact to those who are manufacturing automobiles, making motor trucks and the like: Hon. gentlemen opposite knew what the resolutions of the Minister of Finance were, and the cut he proposed to make in the duties. They knew of the proposed reduction in the duties when they had their caucus, and when they were considering this matter. Therefore, had they been really sincere in their professed opposition, they could have brought in an amendment to the budget expressing regret that the automobile duties were being reduced to the extent that they were. Did they do that? No, not a word was expressed in that amendment in reference to the customs duties. The amendment brought in related to a matter of procedure. And why was it drawn in that way? It was so drawn in order to avoid giving any expression of opinion on the tariff itself. That is perfectly apparent. Last year when the duty on automobiles was being debated half a dozen or more hon. gentlemen opposite voted in support of a resolution to reduce those duties. Those half dozen, I presume, could hardly have been counted upon to stay with the rest of the party on a motion which dealt with the question of the reduction of duty. I point these matters out in order that the manufacturing interests of the country, and in particular our friends in Oshawa and some other places whom some hon. gentlemen opposite were ready enough to introduce to the government that they might make representations, should understand that hon. gentlemen opposite had it in their power to propose a specific amendment to the budget on the question of the reduction of the duties. But they did not do it. They merely brought in this amendment which deals, as I have already stated, simply with a matter of procedure, and does not touch at all the reduction of duties of which we hear so much.

May I go a step further and say this: I do not believe that hon. gentlemen opposite have been prepared at any time to introduce an amendment to the budget for a consistently maintained tariff when debate thereon was possible in this House. In the several sessions of the last parliament you have an exact parallel, Mr. Speaker, to the tactics we are now witnessing anew. In the campaign of 1921 the Conservative party, under the able leadership of the right hon. leader of the opposition, told the people over and over again in different parts of the country, that the question of a protective tariff was the all important question. If time permitted I could read dozens of statements, even more emphatic than those I have already read pertaining to the campaign of 1925, advocating an increased protective tariff for Canada as the great necessity of that time. Such was the nature of the announcement made in the campaign. What was done afterwards? In the session of 1922, the first session follow-

ing the election, my hon. friend who is leading the opposition this afternoon (Sir Henry Drayton) brought in an amendment to the budget. And what was the nature of that amendment? Another milk and water affair, that was all. It was an amendment that expressed regret that the Liberal party had not carried out all at once all the pledges that it had made at a Liberal convention that had previously been held. That was the substance of it. You could get anyone on either side of the House to vote for an amendment like that; it could not do him any harm or any good in his particular constituency. Hon gentlemen opposite found then, as they have found now, that they could not unite their party on an amendment for a consistently maintained protective tariff to the budget. That is what happened in 1922. What happened in 1923? What action did those gentlemen, who are so fond of having the country and the manufacturers believe that the manufacturers' interests are peculiarly their own, take in 1923? Why, in 1923 the Conservative party never brought in an amendment to the budget at all.

Mr. HOCKEN: They were shut out.

Mr. MACKENZIE KING: No, they were not shut out. As the official opposition they had the opportunity and the right to move the first amendment and I can assure my hon. friends, if I had time to turn to the records, that several days elapsed before any amendment was moved. The amendment that was brought forward at last was moved by the leader of the Progressive party, but hon. gentlemen opposite had not the courage to stand up and show where they stood on this great tariff question. They were prepared to let the Progressive party make their statement of tariff policy but although they had the opportunity they were not willing to move an amendment to the budget showing where they stood on the tariff.

I have just spoken of the session of 1923. Now let us take the session of 1924. What did they do at that time? They allowed the opportunity to pass, and again they failed to introduce any amendment. This time an amendment was brought in by the hon. member for Winnipeg North Centre (Mr. Woodsworth), an amendment relating to the cost of living. Hon. gentlemen opposite who profess to be such protagonists for a protectionist tariff policy did not even attempt to bring in an amendment. They left it to the hon. member (Mr. Woodsworth), whom they are particularly fond of denouncing, to bring in an amendment at that time in connection with the cost of living. The day after the amendment had been introduced, to show the courage of hon. members opposite, some one of their number raised a point of order with respect to it which anyone familiar with parliamentary practice would know that you, Mr. Speaker, could not rule as having been properly raised. While the point of order was under consideration hon. gentlemen opposite came along with an amendment declaring that there should be a consistently maintained tariff policy. Hon. gentlemen opposite actually brought in an amendment on the subject of protection but knowing all the time that when the Speaker declared the point of order was not well taken their own amendment would be ruled out and there would then be no chance to discuss it. That is what happened on that occasion. What followed in the session of 1925, just before the general election? There again my hon. friends opposite came along with an amendment. Was it for a consistently maintained protective policy? They could have taken the same amendment that had been ruled out the year before and have presented it. But they did not. My hon. friend the member for West York (Sir Henry Drayton) presented the amendment. It was another milk and water affair. It declared there was still too much in the way of taxation, and expressed regret that the public debt was not a little lower than it was.

An hon. MEMBER: Was that a milk and water amendment?

Mr. MACKENZIE KING: Milk and water, I should think it was. It was very thin milk and very poor water at that. That was the best amendment hon. gentlemen opposite could move and at the same time carry with them a united party. I have outlined the position of hon. gentlemen opposite at every session of parliament since 1921. Not once did hon. gentlemen opposite during the course of any debate on the budget bring forward their so-called policy of protection so that at the proper time they might stand and fight for it in the parliament of Canada. They refrained from doing so just as they have refrained during the present session.

To-day we are confronted with the amendnent before us, on which hon. gentlemen nope to unite their party, and in favour of which they invite the House to vote. The amendment, moved by the hon. member for Fort William (Mr. Manion) and seconded by the hon. member for Vancouver Centre (Mr. Stevens), reads as follows:

That all the words after "that" be struck out and the following substituted therefor:

In the late general election campaign assurances were repeatedly given by the Prime Minister and other ministers of the crown that before further tariff changes were made an opportunity would be given industries affected thereby to be heard before an advisory board.

That such assurances were officially incorporated by the government in the Speech from the Throne of the present session in the following words:

"Changes in the tariff should be made only after the fullest examination of their bearing upon both primary and manufacturing industries and that representations requesting increase or decrease of duties should be made the subject of the most careful investigation and report by a body possessing the necessary qualification to advise the ministry with respect thereto. A tariff advisory board will accordingly be appointed forthwith."

That such tariff advisory board was accordingly appointed.

And this House regrets that in the case of drastic changes announced in the budget such assurances have not been fulfilled.

Now, Mr. Speaker, may I say in the first place that the government did give assurance at the last general election that a tariff board would be appointed. It is perfectly true, as the quotation from the Speech from the Throne says, that in the Speech from the Throne it was stated that a tariff advisory board would be appointed, but I need not go further than the amendment itself to prove that the government has carried out its pledge in respect to the appointing of that board. The amendment quotes from the Speech from the Throne the statement that a body possessing the necessary qualifications to advise the ministry with respect to the tariff will be appointed. It says:

A tariff advisory board will accordingly be appointed forthwith.

Then what is the next line?

That such tariff advisory board was accordingly appointed.

There, Mr. Speaker, is the statement that the government has carried out the broad policy—

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: —carried out the broad policy of appointing a tariff board which it stated to the people of Canada it would carry out. It has appointed a tariff advisory board, and the amendment of my hon. friend states that the government had promised that such a board would be appointed and that such tariff board was accordingly appointed.

Mr. RYCKMAN: Does the government intend to submit anything at all to the board?

Mr. MACKENZIE KING: Let my hon. friends be patient. They are beginning to see the force and effect of their amendment. Let me make this clear; in all the discussions that took place in the general elections, and in the declaration in the Speech from the Throne, the government was setting out a broad policy, was discussing general policies. If my hon. friends will look at the speeches that were made at the time this declaration of policy was announced they will also find that on each occasion that reference has been made to the tariff advisory board care has been taken to state that the government did not intend, on the subject of tariff matters, to tie the hands of parliament in any particular. I desire to make that perfectly clear. A direct statement was made that in the last analysis the tariff had to be settled on the floor of parliament, and that the government did not intend, by appointing a tariff advisory board to advise the minister to tie the hands of parliament in any way.

Having said that much, may I come to the point which I know is in the minds of hon. members opposite. They have overlooked altogether the significance of the broad statement of policy, and they have concentrated their minds on two words in the amendment:

That before further tariff changes were made an opportunity would be given industries affected to be heard before an advisory board.

They are concentrating their minds on the two words "before further". I challenge hon. gentlemen opposite to find any place where those two words appear in any declaration made by myself on behalf of the government. There was no statement that before this tariff board was appointed no tariff changes would be made in this parliament. When hon. gentlemen opposite are prepared to raise a debate on those two words "before further", while allowing the whole question of the actual tariff changes, which after all is the vital thing, to go by the board, I confess I cannot but feel that they are prepared to strain at a gnat and swallow a camel. May I say in perfect frankness to the House that I would have very much preferred, before the changes proposed by the Minister of Finance were made, that the matter should have been referred to the tariff board. That is what I wished and that is what every hon. member of the administration wished might have been done.

Mr. RYCKMAN: Who drove you to it?

Mr. MACKENZIE KING: We are dealing with a practical situation, and I hope my hon. friend will allow me to conclude. I say that the government would have preferred to have had the tariff board appointed in time to deal with these matters, if that had been possible.

It was no fault of the government that we were unable to get the tariff board consituted sooner than we did.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Hon. members opposite, who know a good deal more about the difficulties the government had in getting a tariff board appointed than some of them would care to confess, know that the government did its utmost to get the tariff board appointed fully a month and a half before it actually was appointed, that we hoped and did our utmost to secure a certain personnel that we believed would commend itself to the House and the country. After very considerable effort, and some reasonable expectation, we were unsuccessful in obtaining the services of a certain gentleman we sought for the position of chairman of the board. We were fortunately able to obtain the services of another gentleman, whose appointment commands public confidence throughout the country, but it was with the greatest difficulty we finally persuaded him to accept the position. Only as a patriotic duty, and with a knowledge of the difficulties confronting the administration, could the Right Hon. Mr. Graham be persuaded to accept the post. The government did its utmost to get the tariff board constituted in time to refer the motor industries customs tariff to that board, but we were unable to get the board constituted in time to permit an investigation before the Minister of Finance brought in the budget. We had then to consider a very practical question, and that was whether we should wait for another year before making any changes in the duties on automobiles and motor trucks, simply because we had been unable to get the tariff board constituted at the time we hoped it would be possible to constitute it.

There is a further point I desire to make perfectly clear. While it is true that, so far as the letter is concerned, we were unable to place before the tariff board for consideration the matter of the present duties, yet so far as the spirit of our pledge is concerned it has been fulfilled to the last degree. The spirit of the pledge respecting the appointment of a tariff advisory board,—and hon. members opposite know it—is that there should be careful investigation concerning the effect of any change in the tariff before it is made. That is the purpose of the advisory board. That has been done with respect to the duties—

Some hon. MEMBERS: No, no.

Mr. MACKENZIE KING: Yes, it has been done with respect to the reduction of duties which the House is called upon to consider. When my hon. friend (Sir Henry Drayton) was Minister of Finance he had, I think I am safe in saying, advisers around him in the Department of Finance who were able to give him the benefit of their experience in so far as tariff matters were concerned. They could tell him what in their view might be the effect of any changes that might be proposed.

Sir HENRY DRAYTON: The Prime Minister has not those advisers. The one gentleman who was competent to advise him is not there now.

Mr. MACKENZIE KING: I beg my hon. friend's pardon.

Sir HENRY DRAYTON: I happen to know.

Mr. MACKENZIE KING: Possibly the gentleman whom my hon. friend has in mind may not now be in the department, but I may tell the hon. member that there is one gentleman who has been in the Department of Finance for some thirty or forty years and who is more conversant with tariff matters than anyone else in the Dominion. He knows more about the tariff in Canada than any other individual, and he is at present in the department, having associated with him others who are also quite competent to offer advice.

Mr. CHAPLIN (Lincoln): He was superannuated ten years ago.

Mr. MACKENZIE KING: My hon. friends may have been anxious to effect his superannuation, but what this government was concerned with was to retain the services of an officer who had proved himself invaluable.

Sir HENRY DRAYTON: I must rise to deny that statement. The gentleman himself asked for superannuation. I did not want to superannuate him and his retirement was not forced upon him. On his first seeking superannuation no effort was made to hasten his departure and he stayed.

Mr. MACKENZIE KING: I am glad my hon. friend retained him as an adviser.

Sir HENRY DRAYTON: The Prime Minister is wrong again; I did not say I had him as adviser. He is of course an estimable man who knows the details, not of Canadian business, but of the customs tariff, and he is exceedingly good on statistics.

Mr. MACKENZIE KING: There may be differences of opinion as to the special qualifications of the gentleman in question, but I think I may safely say that the country has

always placed implicit confidence in the judgment of Mr. Fielding in relation to fiscal matters.

An hon. MEMBER: Hear, hear.

Mr. MACKENZIE KING: Hon. gentlemen say "hear, hear." Well, it was Mr. Fielding who brought back to the Department of Finance, to advise him on fiscal matters, the gentleman to whom I am now referring—Mr. Russell. And he was brought back for the very reason that, as I have said, he is regarded from one end of the country to the other as the outstanding authority in Canada on questions relating to the tariff. But the matter has not been considered by Mr. Russell alone, but by others as well. The Minister of Finance (Mr. Robb) himself has given unflagging personal attention and a great deal of time to the consideration of the whole subject.

Now may I point out to the House this difference between the automobile industry and any other industry that might be mentioned. The question of the duties on automobiles has been the subject of debate, not in the course of one session only, but in two consecutive sessions of parliament. It was discussed very fully in the last session and it has been carefully considered in parliament again this year. I think I am perfectly correct in the statement that it was generally understood that there was to be a reduction in duties so far as motor cars were concerned. An impending change was in the air, so to speak; one of the main considerations that influenced the government in this matter was the possible effect, upon the industry, quite as much as upon the consuming public, of a decision to leave the matter in abeyance. Knowing that the question was very much in the air, the government had to consider this point very carefully. Had we decided to make no change at the present time but to refer the matter to the Tariff Advisory Board it would have meant that the people from one end of the country to the other, knowing that the whole question would be discussed at a subsquent session of parliament, and being convinced that some reduction in the duties would inevitably follow, would have declined in the meantime to purchase automobiles in the expectation of the advent of cheaper cars. What would have been the effect on the motor industry itself, if matters had been left in that state of uncertainty? I venture to suggest that the same result would have ensued as was witnessed prior to the reduction in the duties on agricultural implements. Purchasers of those implements, in the expectation that a reduction would be made in the tariff, refrained from purchasing agricultural machinery and implements for a considerable time, and when the tariff was reduced and they saw just where they stood, they gave their orders. As a matter of fact the agricultural implement industry is in a better position in Canada to-day than it has been at any time. Now, I venture to say exactly the same sort of thing will happen in connection with automobiles. When this matter is settled by parliament the public will be able to secure motor cars at lower prices and will be prepared to make their purchases at once. Consequently, as I have already said, the industry as well as the country will prosper. There can be no doubt that obviating, as we are, any interval of uncertainty, the motor industry itself will thereby stand to gain.

I hope I have made clear the position of the government in this matter. Certainly I have had no other desire than to take the House into the fullest confidence of the administration in regard to the whole question. We should have preferred to have had the matter referred to the tariff board, if such a course could have been followed without probable injustice to the consuming public as well as injury to the industry itself. But we felt that the motor industry was in a different position from others in that its whole position had been fully discussed during the course of two sessions of parliament. Every phase of the situation had been considered, and we felt that we were carrying out the spirit if not the letter of our obligation and pledge in having the subject carefully investigated by the officers of the department and those associated with them. Then, coming to the practical question as to what was the wisest thing to do under the circumstances I have described, we took the course which we believed to be in the interests alike of the manufacturers and of the purchasers of automobiles.

I may add this further word: we are prepared to assume full responsibility for the step we have taken. If there is any doubt in the minds of hon. gentlemen opposite whether this government did the right thing in dealing with the motor industry in the manner I have stated, I ask them to consult public opinion from the Atlantic to the Pacific. There can be no question whatever that public opinion must govern in the long run; public opinion must decide whether a government has been right in its actions or not. And I submit that no single enactment has ever been proposed by any government which has more completely met with popular favour than the action of this gov-

ernment with respect to the reduction in duties on automobiles and motor trucks.

All that we have heard in the discussion of the automobile industry, since the changes proposed in the budget were announced, finds a complete parallel in what transpired with respect to other changes that have recently been made in our tariff. I might cite in particular the reduction in the duties on agricultural implements. When the government made a slight change in 1922 and another change in 1924—it mattered not how slight or how considerable the change was—the language of hon. gentlemen opposite was just as extravagant in predicting ruin to the industry. We saw organized propaganda carried on to persuade the people that the government was destroying an industry which it had singled out for harmful discrimination. The statement was made that the government was attacking that industry in order to curry favour with the Progressive party—the same sort of talk precisely as we have heard during the past month in connection with automobiles.

Mr. CLARK: We pointed out that—

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: What occurred in connection with the agricultural implement industry will I believe take place in the motor industry as a result of the action which the government now proposes should be taken by parliament.

Mr. ROGERS: That will mean that motor cars will go up in price.

Mr. MACKENZIE KING: But agricultural implements have not gone up in price. My hon. friend may be living in a part of the country which is identified with agriculture, but evidently he has been paying attention to something else.

Mr. ROGERS: No, indeed.

Sir HENRY DRAYTON: Is the Prime Minister referring to the remission of the sales tax?

Mr. MACKENZIE KING: I am referring to the remission of the customs duties.

Sir HENRY DRAYTON: We claim that the agricultural implement industry was left in a better position owing to the fact that raw materials had been put on the free list. Is that what my right hon. friend is referring to here?

Mr. MACKENZIE KING: No. Now let me ask my hon. friend a question: In what year did they have the full government programme?

[Mr. Mackenzie King.]

Sir HENRY DRAYTON: I am speaking of 1924 in connection with the amendments then made.

Mr. MACKENZIE KING: I am going back to the year 1922.

Sir HENRY DRAYTON: 1924.

Mr. MACKENZIE KING: I will take 1924 too, but for the moment I am referring to 1922. In that year we made certain tariff changes and I should like the House to note what hon. gentlemen opposite said would be the effect of those slight changes. I have in my hand the statement made by the right hon. leader of the opposition in regard to the reduction made in 1922 of 2½ per cent on agricultural implements, and I ask the House to listen while I read this to see if it does not sound very much like what we have heard in the course of this debate. The right hon. leader of the opposition was addressing his remarks to the then Minister of Finance. They will be found in Hansard of June 6, 1922:

> I believe he will find in relation to implements he has done something which very probably will injure the manufacturer and his employees, very probably will turn workingmen on the streets in various cities of this country; but will not reduce by one cent the cost of the implement to the consumer in Canada.

That was in 1922. In 1923, speaking at Lachute, Quebec, on December 29, as reported in the Montreal Gazette, the leader of the opposition said in reference to this 2½ per cent reduction on agricultural implements:

> There had been a reduction of 2½ per cent on agricultural machinery, and thousands of artisans had been driven from the country.

Then on March 3, 1924, when the larger reductions were thought of, the same kind of expressions were used. Speaking on the Address—this was even before the change was made, when it was simply suggested there might be a change as the country had attained a position where the government felt they might well relieve the public of a certain amount of taxation—the leader of the opposition said:

> It—

That is, a reduction on agricultural implements.

> —will merely remove the manufacture from one country to another, it will merely dispose of it to the United States instead of holding it in Canada, and in a very short time the farmers' last state will be even worse than the first.

I am reading these extracts, Mr. Speaker, in order to let the House and the country see how much weight should be attached to the extreme statements of hon. gentlemen

opposite with respect to tariff changes, because fortunately we have the agricultural implement industry as an object lesson. It is not a matter of conjecture; we know what the effect of tariff changes has been on that industry, as I intend to show in particular a little later on. Now, listen to this: I do not think it has been surpassed by anything that has been said in the course of this debate. I should like the House to measure the value of all the utterances of a similar character of our friends opposite by the value that is to be attached to this particular utterance. Speaking on May 15 in regard to the changes then proposed in the tariff on agricultural implements, the right hon. leader of the opposition said:

> There is alarm, there is dismay, there is a stoppage of expansion, there is depression. . . . . To-day every member of this House knows that the feeling through Canada is anything but wholesome or hopeful. The barometer of migration is ominous. From the city, from the town, from the factory, from the farm, the procession is distressing. A year ago its volume suddenly rose to three times its normal dimensions. And still they go. Their numbers may diminish with the saturation of the United States—but are we making work for them in Canada? We are circumscribing the area of employment every day. The inevitable consequences are upon us. Capital alarmed, business harassed, production dislocated, agriculture unassisted, labour contracted, tens of thousands of our children exiled, the debt heavier, taxation multiplied, the budget juggled, these are the reapings of thirty months of this government, the cruel cost to date of its brief and inglorious career.

And then, as though that were not peroration enough, there follows this:

> Almost anything would be better than what we have now. We are in a condition of anxious enervating suspense, industry—

Listen to this gem:

> —industry crouching under a sword tossed between two leaders in this House, a state of perpetual premonition, a sort of endless thunder and lightning, betokening a destructive storm.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: It is Mr. Speaker, charitable to assume that that kind of language was the result of this continual pounding of desks by hon. gentlemen opposite while their leader was speaking—this "thunder and lightning" that was betokening the coming storm. That is how the changes in the budget were then characterized by the right hon. leader of the opposition. Leaving the atmosphere of parliament and speaking at Montreal on August 27, 1924, the right hon. gentleman said:

> Every farm implement was higher in price than it was—

That is, as a consequence of the tariff reduction.

> —that 24 farm implement factories had closed with the workmen thrown into the streets; . . . . and that over the whole range of Canadian industry 1,000 plants and factories had been "boarded up" since the tariff cutting bid for Progressive support in parliament was commenced in 1922.

What are the facts? Let us take first of all the prices of agricultural implements. Perhaps my hon. friend from South Winnipeg (Mr. Rogers), who was talking about these prices, will listen to this list which I have had carefully prepared by the statistical branch of the government:

Prices of Agricultural Implements

The cost of a selected list of agricultural implements in Ontario on certain dates was as follows:

January, 1924	$928 50
May, 1924	880 50
January, 1925	860 00

This list includes walking plow, disc, rake, binder, mower, drag harrow, disc harrow, wagon, and sleigh. Now let my hon. friends opposite listen to the western prices in Regina territory:

January, 1921	$1,525 00
January, 1924	1,358 00
May, 1924	1,291 00
January, 1925	1,244 75

The western list includes walking plow, disc drill, hay rake, binder, mower, drag harrow, disc harrow, lift gang, wagon and sleigh.

An hon. MEMBER: What is the price to-day?

Mr. MACKENZIE KING: Possibly about the same.

Sir HENRY DRAYTON: I wonder if my hon. friend would be good enough to give those figures to Hansard.

Mr. MACKENZIE KING: The figures will appear in Hansard all right.

Sir HENRY DRAYTON: I want to see the results of the sales tax.

Mr. MACKENZIE KING: My hon. friend can figure that out for himself at any time.

Sir HENRY DRAYTON: That is the whole point.

Mr. SPEAKER: Order.

Mr. FOSTER: Will my right hon. friend be good enough to give the comparative prices in 1921 and 1925 on the different kinds of mowers, seed drills, rakes, hay loaders, hay tedders and so on? Perhaps he has the information at hand.

Mr. MACKENZIE KING: No, I have not; but if my hon. friend will take the trouble to read the speech I made on the budget

last year he will find, I think, most of the information he desires.

Mr. FOSTER: I thank my right hon. friend.

Mr. MACKENZIE KING Now, let me make a statement that perhaps will not be questioned. The right hon. leader of the opposition said that every farm implement was higher in price than it had been. I think what I have just quoted answers my right hon. friend on that point conclusively. The next statement was that twenty-four implement factories had been closed, with the workmen thrown into the streets. Let me give the House a statement of the number of persons reported on the pay rolls of thirty-seven manufacturers of agricultural implements.

Mr. LADNER: Are those wholesale or retail prices?

Mr. MACKENZIE KING: These are not prices at all that I am now giving.

Mr. LADNER: I am referring to the agricultural implements, just for information.

Mr. MACKENZIE KING: They are the prices as they appear in the price list.

Mr. SPEAKER: I do not think it is fair to the right hon. Prime Minister or any other gentleman who has the floor, to be interrupted like this. When we have reached the committeee stage questions may be put, but when the House is sitting as such and the Prime Minister or the leader of the opposition addresses the Chair he should not be subjected to these interruptions; it is not fair.

Mr. LADNER: Mr. Speaker,—

Some hon. MEMBERS: Order, order.

Mr. LADNER: I am addressing my words to Mr. Speaker, whose observations were particularly directed to me. I merely wanted some information which was not given by the Prime Minister. I did not intend to be impertinent, nor did I expect an impertinent reply.

Mr. SPEAKER: No one thinks the hon. gentleman was impertinent; he never is, and could not be. But I say it is not proper that the Prime Minister or any other hon. member who has the floor in a budget debate should be constantly interrupted in this way. It is turning his speech into a cross-examination, which is not fair to the hon. member who addresses the House.

Mr. MACKENZIE KING: I thank you, Mr. Speaker, for allowing me to proceed. I will now give the total number of persons on the pay rolls of thirty-seven manufacturers of agricultural implements, as shown in the returns made to the statistical branch of the government. On April 1, 1922, there were 5,205; April 1, 1923, 6,580; April 1, 1924, 6,176; April 1, 1925, 5,793, and on April 1, 1926, 8,257. That shows the extent to which working men were thrown on the streets and driven out of the country. At the time the right hon. leader of the opposition made that statement, April 1, 1924, there were 6,176 persons on the pay rolls of these thirty-seven manufacturers of agricultural implements. On April 1 of this year there were, not 6,176, but 8,257; so much for the effect of the changes in the tariff. Now I would like to come to this year, as an indication of how matters are now prospering. On January 1 of this year 7,084 persons were employed in the manufacture of agriculture implements; on February 1, 7,494; March 1, 7,859, and on April 1, 8,257. I have no doubt that during the rest of the year we will find the number increasing, for the reason that the business itself is not only prospering within this country, but in competition with foreign nations as well.

That is the next point I wish to come to. We were told that we were ruining industry and sending people out of the country, but what do we find? We find not only that conditions have improved with respect to domestic sales but that, as a matter of fact, in the export of agricultural implements there has been an increase of very material proportions. Let me read the values of the exports of farm implements and machinery by years:

1921-22	$ 5,345,308
1922-23	6,066,893
1923-24	9,339,519
1924-25	11,342,712
1925-26	13,628,341

In 1924-25, after our budget changes were made, the exports amounted to $11,342,712 and for the complete twelve months of 1925-26, $13,628,341. In other words, from the time the change was made the exports increased from $9,339,519 to $13,628,341. These are the facts which may be cited in reply to the assertions made at the time as to what the effect of the government's action would be. If more is needed to make clear the position of the implement manufacturers I would quote for just a moment from the reports of one or two of these companies. We find that so far as the implement manufacturing business is concerned, the companies are beginning to pay dividends, for practically the first time in their history, and that not only on preferred stock but on common stock as well in some instances. I have here the report of the Cockshutt Plow Company, appearing in the Financial Post of February 19, 1926. I

will not read the whole of the report, but just one or two statements:

The annual report of the Cockshutt Plow Company for 1925 shows profits from operation after providing for depreciation of $313,501, compared with $64,347 in 1924.

That is what the report of this year shows. The vice president of the company, outlining the position of the industry, said:

Referring to the year's operations and the outlook, vice-president F. Perry says:

The improvement is encouraging, and it is to be hoped that prices of agricultural products are emerging permanently from the depression in relation to other prices into which they have been sunk since the war. The success of the company's business, he says, is directly dependent on the prosperity of the farmers. While business in eastern Canada has also improved, the increase was by no means so marked as in the western provinces. Foreign sales, however, have reached a higher figure than in any previous year.

Collections, on the whole, have been good, and the shorter terms of credit which were introduced some time back are now beginning to show a beneficial effect in the reduction of the amount of dealers' and farmers' paper carried by the company, and a corresponding reduction in the company's borrowings from its banker. On December 31, the company's bank loan was entirely paid up, and its trade liabilities reduced to a minimum.

That the company is now in a position to take advantage of improved conditions, including the Russian orders for tractors which have been received, has been reflected in the action of the market and the substantial advance in the quotations for the shares of this company.

That is a pretty good record for two years; improving business in eastern Canada; increases even more marked in the west; foreign sales reaching a higher figure than in any previous year; collections good; reductions in the company's borrowings from its banker; trade liabilities reduced to a minimum, and substantial advance in quotations for shares. What more could you possibly wish for any industry anywhere?

Now take another great company, namely the Massey-Harris. The report of that company appears in the Financial Post of February 12 of this year, and is headed as follows:

Massey-Harris Company. A great Canadian industry which stands second in its field in world trade. Big improvement in business is now being experienced.

The article goes on to say:

Speaking of the farm implement industry in general and of the Massey-Harris Company in particular, Thomas Bradshaw, general manager of the company referred to, states that the implement business is in a better position to-day than it has been since 1920. Sales during 1925, especially in the home market, increased considerably. . . . . Mr. Bradshaw estimates that farm equipment sales in Canada during 1925 were from 60 per cent to 75 per cent in excess in 1924.

There is a statement which has a direct bearing upon the motor industry at the moment. I said a little while ago that the moment the country knew that the question of duties had been settled, purchases immediately began to be made. I would like to read that sentence again:

Mr. Bradshaw estimates that farm equipment sales in Canada during 1925 were from 60 per cent to 75 per cent in excess of those in 1924.

I contend that that is very largely to be accounted for by the fact that many farmers were waiting until the question of the tariff was settled, and until they were in the best position to make purchases. The article goes on to say:

Exports likewise showed a healthy increase. Farm implements were exported to practically every grain growing country of the world, with Great Britain, France, Germany, Russia, New Zealand, Australia, Argentina and the United States as their chief destination.

As to 1926, the prospects are for still further improvement in the implement industry. The demand for goods should be greater and plants more fully occupied. Mr. Bradshaw makes the point that perhaps never before has the feeling between the implement manufacturer and the farmer been so harmonious.

I will just add this further statement as to the company's report for the year ending November 13 last:

The company's report for the year ending November 30th last, showed net income of $2,346,543, compared with $1,065,180 for 1924, while in addition there was $661,139 made available by recovery of assets previously written off. This indicates a splendid recovery of the company's affairs. A few years ago the company owed its bankers a sum between $12,000,000 and $13,000,000, representing implements sold on credit. Not only has this debt been liquidated, but recently the company has been able to show a substantial cash surplus.

May I add this further word? After it became apparent that the agricultural implement industry was going to improve, we were told that it was not so much the implement industry that hon. gentlemen opposite were concerned about as it was some subsidiary industries from which raw material had to be obtained, and particular mention was made of the steel industry. Now what is the position of the steel industry, a manufacturer of parts of agricultural implements? The Financial Post of December 11, 1925, has an article headed:

Steel of Canada crosses par for first time since merger organized in 1911. Investment history made as well-managed steel enterprise makes good visions and promises of promoters of pre-war days.

Here is the paragraph that bears on the point:

This week the common stock of Steel Company of Canada sold over par for the first time in its history. This event is of importance for investors because it indicates that the public is now beginning to recognize Steel of Canada as one of the basic securities of Canada, a security that is bound to reflect business conditions in general and that may, in

time, be regarded as a barometer of Canadian business just as United States Steel is regarded as a barometer of business in the United States.

Then within the past month the Financial Post, which keeps track of these matters, has two further references to the financial position of these implement companies, one on May 14 referring to the Cockshutt Plow Company.

It is being credited that dividends will be increased on Cockshutt shares before the end of the year, probably at 4 per cent.

The item with respect to the Massey-Harris Company says:

The preferred issue is now regarded as being on a sound dividend basis, with good prospects for a moderate dividend on the common in the not far distant future.

There, Mr. Speaker, in a word is the answer to the assertions made by hon. gentlemen opposite as to the effect of the government's reduction of customs duties on the implements of agriculture. At that time the government stated that it felt secure in the action which it was taking, that it believed the result of the changes being made would not only be of assistance to the farming community, but would prove beneficial to the companies as well. In every particular the position taken by the government at that time has been implemented to the full. Now I venture to say, Sir, when we are permitted to consider a couple of years hence the effect of the changes we are making to-day in the duties on automobiles, we shall find this whole situation with relation to agricultural implements paralleled in all the particulars I have mentioned with respect to the motor industry in Canada.

May I say just a word about the manufacturing industry as a whole in this country? To hear hon. gentlemen opposite talk, one would think they were the only persons concerned about the well-being of manufacturing in Canada, and they never cease to stress the point that manufacturing in Canada is suffering under this administration.

Mr. BENNETT, Hear, hear.

Mr. MACKENZIE KING: My hon. friend says, "hear, hear." I want this noted, because it bears out how much reliance one can place on "hear hears" or statements of the kind that are made. I want to bring this point to the attention of my hon. friend who has just interrupted, and he may be surprised to know it. Will he be surprised if I tell him that this year for the first time in the history of this country our exports of manufactured goods exceed our imports?

[Mr. Mackenzie King.]

Mr. BENNETT: It is mostly paper and that class of raw material.

Mr. MACKENZIE KING: It is exports of fully manufactured goods.

Mr. BENNETT: Paper.

Mr. MACKENZIE KING: Paper may be imported too, if my hon. friend insists on thinking only of paper. Let me give to the House statistics that cannot be controverted as to our exports and imports of manufactured goods.

Mr. BENNETT: Our imports would be steel, principally. We are the second customer of the United States in steel.

Mr. MACKENZIE KING: Let me place on Hansard, if I may, the actual figures with respect to imports and exports of manufactured goods in Canada during the years this government has been in office, and see what the showing is. These figures are with respect to manufactured goods in Canada as a whole:

Imports and Exports of all Manufactured Goods, 1921-1925

Fiscal year ended March 31	Imported	Exported	Excess of imports over exports (—) Excess of exports over imports (+)
1921..	929,874,130	665,087,939	—264,786,191
1922..	531,355,579	410,869,738	—120,485,841
1923..	574,551,323	515,173,415	— 59,377,908
1924..	639,343,645	591,829,306	— 47,514,339
1925..	576,031,243	591,598,479	+ 15,567,234

In other words, Mr. Speaker, when my hon. friends opposite were in office, in 1921, the total importation of manufactured goods was $929,874,130, whereas the total amount of manufactured goods imported for the fiscal year ended March 31, 1925, had dropped to $576,031,243. Now let us take the exports. In 1921 the total exports of manufactured goods amounted to $665,087,939. Hon. gentlemen opposite will remember that prices were very much inflated at that time and that they were still exporting on war contracts.

Sir HENRY DRAYTON: Not in 1921. If my hon. friend wants to take a war year, or any year where we have not got stagnation in the buying countries, he would not take 1921.

Mr. MACKENZIE KING: That was a post-war year, in which a number of contracts were being carried on, and the total export of manufactured goods in 1921 amounted to $665,087,939. The year following is the proper one with which to begin making com-

parisons. There is disclosed a steady increase in exports. I would like hon. gentlemen opposite and the House to get the significance of the figures presented in this table. Let me give the excess of imports over exports or the excess of exports over imports for the different years. In 1921 the excess of imports over exports was in round figures $264,000,000; in 1922, that had dropped to $120,000,000; in 1923, it had dropped to $59,000,000; in 1924, it had dropped to $47,000,000; but in 1925, the exports exceeded the imports by $15,000,000. There is the proof that manufacturers in Canada have prospered under this administration. Consider for a moment the significance of those figures.

Under the late government, the official statistics show that the Canadian market was on balance invaded by imported manufactured goods to the tune of $264,000,000, or considerably more than a quarter of a billion, in 1921. This government, they say, has been pursuing a policy of tariff reduction inimical to the interests of our manufacturing industries, yet in each succeeding year the manufacturers of Canada, taken as a whole, clearly have more and more occupied the home market, if we balance the exports against the imports of manufactured commodities. Finally, after our 1924 budget, which the opposition declared was going to ruin the Canadian manufacturers, our manufacturers, taken as a whole, won out on balance against their competitors from abroad, and exported $15,000,000 more manufactured goods to other countries than other countries sent to Canada. This showing will undoubtedly be better in 1926, in view of our enormous favourable balance of total trade, but apart from that, the table shows conclusively that under the present government, Canadian manufacturers are more than holding their own, not only in the markets of Canada, but in the markets of the world. The record shows clearly that the great body of Canadian manufacturers are more completely holding the Canadian market than they were four or five years ago. The facts given in the table are a complete refutation of the blue ruin utterances of the opposition.

May I give one other brief reference which I think will be illuminating as to the manufacturing industries of this country and the state of Canadian trade. Hon. gentlemen opposite are continually comparing conditions in Canada with conditions in the United States to the detriment of their own country. They cannot deny that; they are continually doing it in their public utterances, and yet the available statistics disclose that instead of there being reason to belittle our country there is the strongest reason in the world why we should make it plain to everybody that we are in a much better position than our neighbours to the south.

Mr. CLARK: In that case why are our people going to the United States?

Mr. MACKENZIE KING: They continue to go, in so far as they may be going, because of the propaganda in which hon. gentlemen opposite indulge.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: I venture to say that of the people who have left Canada for the United States more have done so in consequence of the talk of hon. gentlemen opposite than because of any other reason. I go further and I say that in addition to this fact it is also true that thousands of people who otherwise would have come to Canada, have been led to locate in other countries because of the utterances of hon. gentlemen opposite. My hon. friends seem to delight in keeping up a propaganda aimed at depreciating Canada; they seem to delight in deriding and belittling their own country—

Mr. LAPOINTE: Slandering it.

Mr. MACKENZIE KING: Yes, "slander" is not too strong an expression to use. Such conduct as that cannot be indulged in without having very serious effects upon this country. Now, this policy of belittling Canada is shown to be without justification when one considers the total trade of the Dominion, that is the import and export trade and realizes that for the year ending March, 1926, there was a favourable trade balance of $401,134,000. That is a figure that has never been reached before in the history of this country, excepting possibly, when munitions of war were being exported. Even the United States, notwithstanding the immense trade which it enjoys, does not begin to have as favourable a trade balance as Canada enjoyed for the last fiscal year. In proof of that may I offer the following figures. For the twelve months ending March, 1926, the visible trade balance of Canada amounted to $401,134,000, and that for the United States to $352,364,000. The trade of Canada and the United States for the twelve months ending March 31, 1926, was:

	Canada	United States
Imports..	$ 927,403,000	$4,412,293,000
Exports:		
Domestic produce.. ..	1,315,193,000	4,667,166,000
Foreign produce.. ..	13,344,000	97,491,000
Total exports..	$1,328,537,000	$4,764,657,000
Favourable trade balance	$ 401,134,000	$ 352,364,000

Recently published figures of the United States bringing its trade statistics down to the end of March show that for the first nine months of its fiscal year ending June its favourable trade balance or excess of exports over imports was $187,000,000. Adding to that figure the favourable trade balance of the United States for the three months, April, May and June of last year, namely, $165,000,000, we find that the total favourable trade balance of the United States for the period included in the last Canadian fiscal year was $352,000,000, or a cool $50,000,000 less than our favourable trade balance in the same period. This fact is a remarkable demonstration of how Canada is holding her own in the markets of the world. The policy of the present administration, of cheapening the instruments of production, has operated to increase the volume of Canadian exports.

Mr. SUTHERLAND (South Oxford): Will the right hon. gentleman be good enough to give us the trade balance between Canada and the United States for the same period?

Mr. ROBB: We are trading with the world.

Mr. MACKENZIE KING: The trade balance between the two? I have not the figures here, I am sorry to say. In what I have said to-day and I must apologize if I have taken up an undue amount of time, I have endeavoured to show that the blue ruin representations in which hon. gentlemen opposite have indulged are not justified by the facts, but that as a matter of correct record this country has really gone steadily ahead in the manufacturing industry, not only absolutely in its own accord but relatively in comparison with its neighbour and chief competitor.

I should like to say something further with respect to some of the features in the budget. During the course of this debate so much has been said about the need for protection and the like, which is not borne out by the facts, that I am afraid the House and possibly the country have lost sight of the budget itself and what it discloses—what it discloses of improved conditions in our own country, and what it promises of reduction in taxation to the people. If it may be permitted I should like to say a few words on that aspect of the question and therefore as this is a convenient point of departure, Mr. Speaker, I ask that you call it six o'clock.

At six o'clock the House took recess.

[Mr. Bennett.]

After Recess

The House resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 111 to incorporate the Executive Council of the Free Methodist Church in Canada.—Mr. Ross (Kingston).

Bill No. 112, respecting certain patents owned by the Sealright Company, Inc.—Sir Henry Drayton.

THE BUDGET

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

The House resumed the debate on the motion of Hon. J. A. Robb (Minister of Finance) that Mr. Speaker do now leave the chair for the House to go into committee of Ways and Means, and the proposed amendment thereto of Hon. R. J. Manion.

Mr. MACKENZIE KING: In the course of my remarks during the afternoon, referring to the fact that hon. members opposite failed, in the last parliament during the course of any debate on the budget, to move an amendment declaratory of their professed advocacy of protection, I omitted to make mention of one incident to which I had intended to refer, but which helps to illustrate the truth of what I was seeking to have the House appreciate, namely that the hon. members in one way or another contrived to avoid a full discussion of the question of protection which would place the House in relation thereto definitely on record in any budget debate. The point that I overlooked referring to—I had it before me but overlooked it—was the circumstance that on the eve of the assembling of parliament at its last session there appeared in the Ottawa papers and other papers throughout the country a statement in the nature of a manifesto of the Conservative party in respect to its views on protection, and when the House assembled members discovered that this manifesto was in the form of a resolution on the order paper in the name of the right hon. leader of the opposition. That resolution did contain in it a statement that:

> This Dominion requires an immediate revision of the Canadian tariff, on a definitely and consistently protective basis.

That resolution appeared on the order paper on February 5, 1925. It remained there day after day, but was never taken up in the course of the debates in the House. It remained there, I would like to point out to

the House, through the whole of the discussions on the budget. If the right hon. leader of the opposition and members of his party had been really anxious to test the feeling of the House on a declaration of that kind, that was the appropriate time to do it. As a matter of fact the debate on the budget last year lasted altogether, I think, forty days and forty nights, the longest debate that ever took place in this House on any single question. During all that time this motion of the right hon. leader of the opposition remained on the order paper. It continued on the order paper until about the end of the session. I think, to be exact, it was on June 2 that this resolution was moved as an amendment to the motion to go into committee of supply. It was on the order paper until the day before, and a good many hon. members were taken by surprise when they found it had been withdrawn from the order paper and was being introduced as an amendment to the motion to go into supply. However, the House had had enough of discussion on the tariff question and dealt pretty summarily with this motion. It was debated a few hours, I think, and finally was disposed of on division, by a vote of 147 to 37. In other words a majority of 110, in the House as then constituted, voted against a resolution declaring that this country required an immediate revision of the Canadian tariff on a definitely and consistently protective basis. The interesting fact in regard to the debate that took place on that resolution was that not only every Liberal member of the House of Commons, but every Progressive member, the Labour members, the Independent members, and the only lady member in the House, voted against it. It was virtually on this resolution that hon. members opposite conducted the recent campaign.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: My hon. friend says, "Hear, hear". I believe he is following me in this debate. And yet we come to the first session of the new parliament and that resolution is entirely discarded, and instead of having anything declaratory in regard to the necessity for an immediate revision of the Canadian tariff on a definitely and consistently protective basis, we have the resolution now before us dealing with a matter of procedure.

Hon. members opposite have sometimes expressed surprise that, in view of their campaign last election, and in view of the fact that as a party they were returned with the largest number, they should not be sitting on this side of the House conducting the affairs of the country. Let me say to the House frankly that after the election of October last, when I called to confer with His Excellency on the question as to what course should be followed as a result of the situation that had been created by that election, I took the position that in my opinion the right hon. leader of hon. gentlemen opposite could not command the support of a majority in this House of Commons, and I took that position largely because of this resolution which had been defeated in the House by a majority of 110 in the previous parliament, and by reason of the attitude which hon. gentlemen themselves had assumed during the campaign when they told the people that the one great issue, so far as they were concerned, was the tariff. I said quite frankly that I did not see how members of the Progressive party, or of the Labour party or independent members of the House, any more than members of the Liberal party could endorse the fiscal policy of the right hon. the leader of the opposition (Mr. Meighen). I was prepared however to leave it entirely to the House of Commons itself to declare its views on the matter, and I think hon. gentlemen will credit me with having endeavoured in every possible way to allow that expression of opinion on the part of parliament to be altogether unprejudiced and untrammelled. The House of Commons did declare itself on the question of majority support, as it will be called upon again to-night to declare itself; and I would say, in all seriousness, to my hon. friends opposite that after parliament has recorded its vote, upon the conclusion of this debate to-night, the country will take little stock in further references to the alleged inability of the government to function or to the assertion which has been so strenuously put forward, that the government has no right to continue in office.

I said that I desired to offer a few remarks regarding the budget itself and to remind hon. members, before they came to cast their votes, just what the budget discloses and what is proposed in the resolutions which the Minister of Finance (Mr. Robb) will move in due course. In the first place, Mr. Speaker, may I take this occasion to join with others who have spoken on both sides in extending heartiest congratulations to the minister on the budget which he has been able to bring down as a consequence of the financial position in which the country finds itself to-day? If he has succeeded, as I believe he has, in presenting to this House what

is unquestionably a more popular budget than any that has ever before been submitted to parliament, a budget that means more in the way of reduction in taxation than any other which it has been the good fortune of this country to receive, the credit cannot be too largely attributed to the minister himself, for the manner in which he has presided over the finances of the country, the great caution and care he has exercised with respect to expenditures, and the eminently capable way in which he has furthered the financial policies which this government has deemed most in the interests of Canada.

The minister last year in presenting his budget said that he wished to err on the safe side. He preferred to over-estimate any expenditures that might be made, and to underestimate the revenues of the country. He came to parliament this year and was able to show that as a matter of fact that was what he had done; the surplus of last year was shown to be greater than he had assumed it would be when he made his statement to parliament. I am sure hon. members will be pleased to learn that the Minister of Finance has followed the same cautious course at this session. In presenting his budget a month ago he underestimated the revenues of the country for the last fiscal year while he overestimated public expenditures, with the result that the surpluses which we have to declare to the country to-day are very much greater than were anticipated when the budget was brought down last month. Fortunately we are now in a position to submit the complete statement for the last fiscal year and the facts disclosed therein will, I am sure, be received by the country with the greatest satisfaction. The minister estimated in his budget statement that the increase in revenue would be $29,965,520; as a matter of fact, it is $32,900,000 odd. He also over-estimated expenditures, for, as the facts now show, the surplus of revenue over expenditure instead of being $55,000,000 odd, as the minister stated then, is $58,404,000, while the surplus over ordinary and capital expenditure instead of being $38,065,000 is $41,594,000. The surplus on government services is also higher than the minister had predicted: Instead of being $33,910,000 as he estimated it is $37,526,000. The net public debt on March 31 my hon. friend estimated would be $2,395,000,000 odd; as a matter of fact it is considerably lower than that, being $2,391,000,000. The public debt reduction during the past year, instead of being $22,353,000, as the Minister of Finance anticipated, is $25,969,000, or very nearly $26,000,000.

These are some of the features of the budget which the Minister of Finance has presented to parliament and the country on this occasion, but there are other aspects of the situation which are equally noteworthy. He pointed out that through the management of the finances under his direction the bonded indebtedness of the country had been very much reduced. The bonds held in the United States have been paid off in part, while the rate of interest which we were obliged to meet on bonds has been considerably lowered, by the refunding of loans effected. An appreciable saving has been effected in that way. With respect to the Canadian National Railways the minister was able to report that instead of the railways being any longer a liability they are rapidly becoming a national asset. In addition to that he was able to report progress in the right direction so far as the Canadian Government Merchant Marine is concerned. He was able to point out that through the removal of the cattle embargo, brought about under the present administration, the number and the value of cattle being exported from Canada to the British market had largely increased, while he was able to make the gratifying announcement that trade through Canadian ports had made material progress. The hon. member who spoke this afternoon (Mr. Macdougall) observed that the trade coming through Maritime ports under the British preference was almost within one per cent of 100 per cent, and he credited the government with arranging to include that extra one per cent. What he failed to notice, however,—possibly he may not have been aware of the fact—is that the reason the 99 per cent of that trade is coming through Canadian ports is to be found in the action taken by this government three years ago providing that on the trade coming through our ports a discount of 10 per cent on existing customs duties under the British preference would be allowed, the effect of that policy having been to divert practically the whole of the trade enjoying the preference.

In addition to these unmistakable and unquestionable evidences of the growing prosperity of the country the Minister of Finance was able to announce to the House a reduction in taxation in many directions. In the first place there was the reduction in taxation in customs duties on automobiles, motor trucks and motorcycles, then the reductions in income tax, certain reductions in the sales tax, and the abolition of the receipt tax. Then, too, there was the announcement of the return to the penny postage. These are all a part of the budget which the minister has presented to the House and which hon. members will be asked later on to declare themselves upon as

either favouring or rejecting. I think it is well that these points should be emphasized, because hon. members are apt to lose sight of them in the course of a long debate such as we have had on this occasion. May I, by way of further confirmation of what I have already said, draw the attention of the House to the fact that the earnings of the Canadian National Railways for the calendar year 1925 will show an excess over all operating and income charges of $30,433,852. But the figures have since come in with respect to the other three months of the present year, so that the fuli return is now available for the fiscal year 1925-26. This will show earnings in excess of operating and income charges, not of $30,443,000 but of $33,000,000.

I have already spoken of the favourable balances of trade which have been referred to by the Minister of Finance. Our favourable balance of trade now stands at $401,000,000 odd. This is an increase in our export trade during the year of $247,000,000. The favourable balance this year has increased from $284,000,000 to the $401,000,000 already mentioned. Of this increase no less than $104,000,000, or 90 per cent, is accounted for by trade within the empire. Hon. gentlemen opposite sometimes assert that the government has effected little by its policies. I am seeking not to indulge in generalities but rather to give to the House concrete and exact evidence with respect to our achievements.

One of the important strokes of policy which the government effected, and which previous governments had failed to bring about, was the removal of the British cattle embargo.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Hon. gentlemen opposite may exclaim, but for twenty-five years the embargo was on, and our friends of the opposition were in office at that time.

Some hon. MEMBERS: Oh no.

Mr. MACKENZIE KING: Well, part of the time. It was unquestionably due to the efforts of our High Commissioner, the Hon. Peter C. Larkin, supported by the present administration, that that embargo was removed after we came into power. Let me give the House a statement of the effect of the removal of that embargo on April 1, 1923. For the fiscal year ending March 31, 1923—to give the figures before the removal—25,758 head of cattle, valued at $2,809,796, had gone into Great Britain. In 1924, after the removal of the embargo, our exportations of cattle to Great Britain had increased to 59,486 head, valued at $6,287,815. In the next year, 1925, that business had increased to 86,245 head, valued at $9,125,667. This last fiscal year ending March 31, 1926, instead of the 25,758 head of cattle that went into the British market before the embargo was removed, 117,819 head were landed there at a valuation, not of $2,800,000 odd, but of $12,432,954.

Now a word in regard to the reduction in taxation. As hon. members know, in addition to the miscellaneous small changes to meet growing conditions, there is a reduction of the tariff duty on automobiles valued at not more than $1,200 and on motor trucks and motorcycles from 22½, 30 and 35 per cent to 12½, 17½ and 20 per cent, while on automobiles valued at more than $1,200 the tariff duty is reduced from 30, 32 and 35 per cent to 15, 25 and 27½ per cent, being the British preferential, the intermediate and the general tariff respectively. I quote these figures that hon. members may have clearly in mind the extent of the reduction in duties that has been made.

In regard to the income tax, the Minister of Finance was able not only to announce a reduction, as he described it, "all along the line," but he was also able to inform the House that the act is now being presented in a less complicated form than heretofore, and that the reductions which he was proposing —this is something that I believe has never been paralleled before—would take effect during this present year, on the incomes of the year just concluded. From one end of the country to the other there is scarcely a home which does not appreciate the fact that it has less to pay out in taxation to the federal treasury than was the case a year ago. To emphasize the importance of the reductions effected, Mr. Speaker, let me cite a few specific instances. On an income of $3,000 the tax was $40; that income is now completely exempt. On an income of $6,000 the tax was $178.50; it will now be $70. On an income of $12,000 the tax was $871.50; it will now be $460. On an income of $18,000 the tax was $1,753.50; that has been reduced to $1,210. There can be no denying the saving which these reductions mean to individuals, to business interests and to future investments in this country. But in order that hon. gentlemen may see that the government's exemptions extend even further than what I have indicated, may I remind the House that in previous budgets the government granted certain exemptions based on the number of children in a family and increased these exemptions on one or two occasions.

The hon. member for South Winnipeg (Mr. Rogers) the other evening, referring to the income tax, pointed out that there seemed

to be less gathered into the treasury from this source than formerly, and he deduced from that the thought that the country was in some way going behind. What he failed to recognize was that the exemptions I have referred to were reaching out in the directions which it was hoped they might; that is, that large numbers of families which were formerly obliged to pay income tax were now exempt. Under the present budget a man with an income of $4,500 and a wife and three children is entirely exempt, but in 1921, when hon. gentlemen opposite were in office, he had to pay $76, and last year he contributed to the treasury $40. There is a showing, Sir, which I think will be appreciated by every family in the Dominion.

I omitted to mention that there are also certain sales tax exemptions on a number of articles; that on canned fish for example, the sales tax has been reduced from 5 per cent to 2½ per cent; I did mention that the receipt tax has been completely abolished; and that penny postage will come into force again after July 1 of the present year. Altogether my hon. friend estimates that by his budget he is relieving the people of $25,000,000 of taxation.

Now, Mr. Speaker, I wish to quote two paragraphs from the speech which my hon. friend made when introducing his budget and to ask the House for a moment to consider seriously their significance. He had drawn attention to the fact that great as are the exemptions in taxation which he was prepared to ask the House to make at the present time, he believed they would have been greater still, and that our prosperity would have been still more pronounced, if some of the citizens of the Dominion, rather than knocking conditions in this country, had instead been doing something in the way of boosting them. This is what my hon. friend said in that regard:

> The Canadian people, in coping with the era of depression which followed the collapse of the post-war boom, have been unnecessarily hampered by a plague of gloom which shrouded the thoughts and utterances of too many Canadians, and but for which the prosperity of the moment would be even greater than it is to-day my privilege to record.

But he closed with this optimistic note, which is the other side of the picture:

> This era of depression has been overcome: all statistical compilations which mirror the year to year business of Canada prove it. Canada to-day is steadily growing more prosperous; there is less unemployment; the influx of settlers is growing; and with a hopeful spirit manifesting itself throughout Canada from coast to coast, the year 1926 is full of promise.

Had the right hon. leader of the opposition been present I would have quoted at considerable length from some of his utterances which, I think, indicate the shroud of gloom to which my hon. friend may have had reference, but in his absence I will defer all but one or two brief quotations. I hope hon. members will acquit me of any discourtesy in giving these quotations in the absence of my right hon. friend; I give the quotation and the source in each case, only because I am referring to my right hon. friend as the leader of hon. gentlemen opposite, and naturally his expressions gain wider currency than those of any other member of his group. Let us see, in view of what we already see and know to be the case in regard to the figures which have been quoted to-night, whether there really is or was justification for expressions such as these. In the Toronto Mail and Empire of August 19, 1925, just when we were beginning the campaign, I find my right hon. friend quoted as follows:

> Why are we stalemate, why are we in a state of semi-paralysis, bleeding at every pore . . . . the reason is the government's failure to provide adequate tariff protection. . . . .

Then in Saskatoon on October 3, as quoted by the Saskatoon Daily Star, the same graphic language is used:

> Don't ask for anything in the way of assistance because it cannot come. No one can show benefits to Canada, but at any turn our life blood is leaking out and our resisting powers are shattered.

Then in this city on October 28, speaking in the arena, my right hon. friend used these words:

> We ask the people to consider the facts.

I would like my hon. friends to consider those words, "the facts."

> The debt higher,

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: But the debt is not higher; that is the point I am trying to make. What I want to illustrate to my hon. friends opposite, if possible, is that they have got into the habit of making assertions which are not correct but which are doing an infinite amount of harm to the country and no good to themselves. As Canadians, what is to be gained in seeking to make out conditions in this country to be bad, when we know them to be good?

Sir HENRY DRAYTON: Is my hon. friend addressing himself to me?

Mr. MACKENZIE KING: No, I am looking at the hon. gentleman; but I am addressing myself to all hon. gentlemen opposite.

> We ask the people to consider the facts. The debt higher, taxation higher,—

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Well, it is not; taxation is lower, and I will prove it to my hon. friends.

—our country shunned by immigrants,—

And no wonder, if they were to believe that the things hon. gentlemen opposite say were true. I have already stated that any persons intending to emigrate to Canada would soon go elsewhere if they were to read the speeches of hon. gentlemen opposite.

—our life blood draining away. We trace these defects not to any blight of Providence,—

That was a kind thought.

—but to the misdirection of public policy, to the substitution of party barter for political principle,—

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Well, that is also untrue.

—to the impotent and blundering legislation of a group of men who call themselves the government of Canada.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: I thought that would give my hon. friends a lot of pleasure, but when they think of it, these are mere words, mere assertions, unfortunately not one of which is true. Now listen to the statement in regard to the Canadian National Railways and see how true it sounds. This statement was made at the same time.

If they—

That is, the members of the present administration.

—had designed to wreck the system (Canadian National Railways) they could not have pursued a more effective course than that which they have pursued during the last four years. . . . . they have poured capital moneys in . . . . for purposes non-essential, for purposes wholly of luxury to maintain a scale of competition between the two great systems beyond the financial capacity of the people of Canada to sustain. By so doing they have inundated the system with hundreds of millions of debt, and the struggle for the next four years will be to rescue it from the mire and the swamp into which by this policy they have plunged it.

I venture the assertion, Mr. Speaker, that language of that sort cannot be exceeded. Hyperbole is a figure of speech, but this goes far beyond hyperbole.

With this statement on the one hand, which I think I am justified in characterizing as a picture of gloom, let us take the facts on the other side, facts which cannot be controverted, with respect to the actual prosperity of the country. Here I would like to quote from sources which I think my hon. friends opposite will agree are authentic. I take first of all the statement of the Royal Bank of Canada, which is a conservative organization in more respects than one. In its bulletin issued in March, 1926, the latest I could get, I find the following paragraph:

The generally favourable annual reports issued by the leading Canadian corporations, combined with the excellent position of all statistical indices, and a general increase in the volume of forward buying, indicate a more encouraging outlook for Canadian business in 1926 that at any time in the past five years.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Why do not hon. gentlemen opposite also say "hear, hear"? This relates to our country; it is not a matter of party politics. This is a statement of actual facts, indicating a condition in this country of which every Canadian should be proud.

The annual statements recently published by the leading industries and public utilities, with few exceptions, show an improvement in earnings over 1924.

Commercial failures continue to decline, both in number and volume of liabilities. The seasonal curtailment in general empoyment was the smallest yet registered for January, the index standing at 89.6, the highest for the month since the rcord was begun in 1920.

Speaking of failures in business, the right hon. leader of the opposition was fond of quoting from Dun's Review. Let me give the House the figures from 1922 to 1925, taken from Dun's Review. The number of failures is as follows:

1922	3,630
1923	3,197
1924	2,445
1925	2,337

This indicates a steady reduction in the number of failures since this government has been in office. Now let us take the liabilities represented by these failures. The figures are as follows:

1922	$76 314,000
1923	61,853,000
1924	63,325,000
1925	45,399,000

This shows a reduction of nearly twenty millions in 1925, proving that the business conditions of the country are very rapidly improving.

Now I would like to say a word in regard to bank deposits. On March 31, 1926, the savings deposits in the chartered banks of this country totalled $1,337,500,00, the highest figure in Canadian history, and I would draw attention to the fact that these deposits represent a dollar worth one hundred cents and not depreciated currency, as was the case when my hon. friends opposite were in power. Then let us take the matter of life insurance, which is another index of

the prosperity of the people. The aggregate amount of policies in force at the end of 1921 amounted to $2,935,000,000. At the end of the fiscal year 1925 they amounted to $4,159,000,000, or an increase in four years of 42 per cent.

Take the building permits issued in sixty cities in Canada. During the first four months this year they amounted to over $41,000,000, the highest figure for these months in any year since the records were kept by the government of Canada.

Take the ownership of automobiles, another index. It is estimated that the number of automobiles owned in Canada in 1921 was 465,000; at the end of the last fiscal year the number was 728,000 or an increase in four years of 56 per cent, indicating considerable prosperity on the part of the people of this country.

But take the basic facts of production—agricultural production, mineral production, water powers and the like. In agricultural production the total value in 1923 was $1,350,000,000; in 1924, $1,443,000,000; in 1925, $1,708,000,000 or a gain in two years of $358,000,000 in our agricultural production.

Our mineral production in 1923 was $214,000,000; in 1924, $210,000,000; in 1925, $225,000,000.

The water power developed on March 1, 1922, amounted to 2,763,000,000 horse power; in 1926, 4,290,000,000, or an increase of over 55 per cent in less than four years.

The favourable balance of trade I think I have already given. When hon. gentlemen opposite were in office, the balance of trade was against us. At the end of the fiscal year March 31, 1922, it had changed to a favourable balance of $6,000,000. That has run up year after year as follows:

1923	$142,000,000
1924	165,000,000
1925	284,000,000
1926	401,000,000

I could take up further time, but I shall refrain, in quoting from financial papers to show that with respect to any of these matters that I have referred to, in a comparison of basic production between the United States and Canada, the position of Canada is infinitely better and sounder than that of the United States.

In regard to immigration, as hon. gentlemen opposite are inclined to raise the question now and then, may I direct their attention, by way of giving them a cheering note, to the figures for the present year:

	1925-1926	1924-1925
January	2,324	2,007
February	4,396	2,210
March	15,229	6,575
	21,949	10,792

In the first three months of this year 21,949, as against 10,792 for previous year. So much for the present government being retained in office.

May I cite a few figures with regard to returning immigrants from the United States? The number of Canadians returning from the United States continues to show an increase. The total for the last fiscal year was 47,222, as compared with 43,775 for the previous fiscal year. These were persons who have resided for over six months in the United States.

Now, Mr. Speaker, I wish to say just one word about the significance of the figures which I have just quoted and in particular as to the significance of the reduction in taxation which has been effected by the present budget. That reduction in taxation is due to the policies of this administration, persistently and consistently pursued during the last four years.

When this government came into office it was confronted with a very difficult situation. We started out to try to meet that situation by introducing policies which we hoped would further production, would lead to wider markets, would be of service to industry generally, and we also sought in a very drastic way to reduce public expenditures so that we could cut down taxation. Now we have succeeded in reducing expenditures to a very considerable degree. But hon. gentlemen opposite, being possessed of the habit of criticising not fairly, but rather of saying anything which might be detrimental to the present administration, have even during the course of the present debate undertaken to say that this government has not cut down expenditures. The hon. member for South Wellington (Mr. Guthrie) who was acting as financial critic in the absence of the hon. member for West York, made a very positive statement in that regard, a statement which was followed, I notice, by one or two others who spoke after him. At page 2459 of the Hansard of April 15th, he is reported as saying:

> So that the government year by year is progressing on an ascending scale in the matter of national expenditures.

He is also reported as saying:

> On the other hand, in the public services of Canada, there has been year by year under this government an annual increase in our expenditure. I make that statement without fear of contradiction.

Now, Mr. Speaker, I say that statement is contradicted by all the official records and the facts that we have; I say that without any fear of contradiction. In charity to my hon. friend who made the statement, I must say that he came into the breach rather

quickly and did his best to meet the obligation customarily assumed by the hon. member for West York, who is the regular financial critic of the opposition, and I think he must unintentionally or unwittingly have made the statement that he did.

Hon. gentlemen may say that we are referring to one set of figures while they are referring to another. There are three comparable sets of figures so far as expenditure is concerned. There is, first of all, the total expenditure of the country, including everything—the grand total. In the second place, there is the expenditure which is the ordinary expenditure so classified, together with the expenditure on capital and special accounts. That leaves out of account any expenditure in the way of advances to the Canadian National Railway or to the Canadian Government Merchant Marine. Finally, there is the ordinary expenditure so classified in the public accounts of the country. Now I say without any possibility of being contradicted from official sources, if you take any one of these three groups of comparable expenditures, you will find that there is not a time since this government came into office up until the present moment when the expenditure has not been reduced every year, year by year, excepting this last year, where there is a slight increase that I shall account for in just a moment—a slight increase which, when explained, will help to show to the House that the record which the government has been making in reducing the expenditure has been kept up all along the line.

Perhaps I may explain at once what the additional expenditure is that has increased the total somewhat. Last year there was an expenditure for the general election of about a million and a half dollars; I shall give the exact figure later. That was an expenditure of an exceptional character. It cannot properly be regarded as indicating any lack of effort on the part of the administration to continue reducing the expenditure.

But there was another item which was very much larger, and that is the amount paid by the government to the Home Bank depositors, which is an exceptional expenditure and which cannot be considered as coming within the ordinary expenses of government.

In the third place, there was considerable increased expenditure incurred in payment of pensions to the returned veterans, due to the policy which the government adopted of permitting appeals to a pensions board. A considerable amount of increased expenditure was incurred on that account. These three items together will account for from one to two times the difference that exists between the expenditure of this and of the previous year. But let me give the House, so they will be of record, the exact expenditure under these three heads. The total expenditure of Canada for the fiscal years 1920-21 to 1925-26, both inclusive, including advances to the Canadian National Railways and the Canadian Government Merchant Marine, are as follows:

1921	$528,302,513
1922	463,528,389
1923	434,735,277
1924	370,589,247
1925	351,169,803
1926 (estimated)	355,928,000

I say these figures show a substantial reduction in the total expenditure year by year, with the slight increase that I have accounted for in the last year. Now take the total ordinary, special and capital expenditures of Canada for the fiscal years 1920-21 to 1925-26, both inclusive, not including advances to the Canadian National Railways and the Canadian Government Merchant Marine. These figures will be found on page 44 of the Public Accounts of Canada for the year 1925. Under the total disbursements I will quote from the Public Accounts as they are here:

1921	$418,620,544 48
1922	365,701,790 85
1923	350,608,546 72
1924	344,021,786 75
1925	339,902,775 94
1926 (estimated)	342,228,000 00

There is a steady decrease year by year, excepting for the last year, where the estimated figure is $342,000,000. Then you have on the first column of the same page the expenditures chargeable to consolidated fund, what is known as the ordinary expenditures, and you find these reductions:

1921	$361,118,145 21
1922	347,560,690 63
1923	332,293,732 09
1924	324,813,189 75
1925	318,891,901 25
1926 (estimated)	321,350,000 00

These figures have been checked up by the Auditor General of Canada, and I hope that from now on hon. members opposite will not make the assertion, which helps to destroy the credit of this country, that expenditures have not been reduced in the manner I have described, because the Public Accounts make perfectly clear exactly what has taken place in the way of reductions.

Now I will give the figures in reference to the extra amounts that I said accounted for the increase of the past year. Payments to pensioners increased over the previous year by $2,273,752. The Home bank depositors received

$2,521,000, and the cost of the general election is estimated at $1,652,000, or a total increase accounted for by these three items of $6,446,752. Now, may I make this assertion, which I challenge any hon. gentleman opposite to correct? It is that the difference between the grand total expenditure to-day and the expenditure in 1921-22—and in that year we had only been in office three months—amounts to $107,000,000. That represents the difference this year as compared with the expenditure in 1921-22. But if the comparison is made with the year 1920-21 when the right hon. leader of the opposition was in office, the difference will be found to be $170,000,000 instead of $107,000,000. In other words during these two years $277,000,000 in the way of additional expenditures were added to the obligations of this country over and above our rate of expenditure in the fiscal year 1925-26. Now if we have succeeded in bringing down taxation in the way we have it has been due to the fact that we have consistently and persistently pursued a policy of reduction in expenditure.

There is one other observation I would like to make. Hon. gentlemen opposite say that we have increased taxes. The statement was made by an hon. gentleman (Mr. Macdougall), who spoke this afternoon. He said the sales tax during the period his leader was in office, and before, was less than it was after we came into power—that we added to the sales tax and some other taxes. Why were these additional taxes imposed? It was because of the financial situation that had developed under hon. gentlemen opposite which was bringing this country to a state of ruin and bankruptcy and which had to be stopped at all costs. Hon. gentlemen opposite when in office—and this is apart altogether from war expenditure,—went on increasing the total expenditure of the country at a very considerable figure. But they did not meet that additional expenditure by taxation, they met it out of borrowing. Now every dollar borrowed means so much in the way of future taxation, and all the money hon. gentlemen opposite borrowed during those years to meet current expenditures instead of raising it by taxation is properly chargeable to themselves rather than to this administration by way of taxation. When we got into office what did we find? We found that the credit of this country had depreciated to a point that the country had to pay seven per cent interest at New York to finance the very best securities, government guaranteed securities of the Canadian National Railways, and we found the dollar worth only 82 and 83 cents.

Sir HENRY DRAYTON: My right hon. friend is surely wrong there.

Mr. MACKENZIE KING: Not at all.

Sir HENRY DRAYTON: I simply wish to say that what my right hon. friend has stated is incorrect.

Mr. MACKENZIE KING: Wherein is it incorrect?

Sir HENRY DRAYTON: My right hon. friend should know that the discount at that time was five per cent. He has quoted the extreme rate of discount during the period to which he alludes.

Mr. MACKENZIE KING: I say to my hon. friend, and I challenge him to correct me, that he himself was responsible for borrowing money at seven per cent on government securities.

Sir HENRY DRAYTON: My right hon. friend has invited some challenging and I tell him this: During the period that we borrowed money in New York we got it on as favourable terms as any other country in the world—in fact more favourable.

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: Sit down.

Sir HENRY DRAYTON: Furthermore, as I showed in this House two years ago, at the time of the hundred million loan in New York we then got a higher price.

Mr. MACKENZIE KING: I direct the attention of the House to the fact that the hon. gentleman has not challenged my statement.

Sir HENRY DRAYTON: I have.

Mr. MACKENZIE KING: It remains perfectly true that he himself was responsible for paying seven per cent on government guaranteed securities in New York, and we have been obtaining loans on those securities at four and a half per cent, and certainly under five per cent when the last loan was made.

Sir HENRY DRAYTON: My right hon. friend must think that he makes the money market.

Mr. MACKENZIE KING: Let me make the position clear. I say we found the country in the position I have described when we came into office. We discovered that if we were to save the credit of Canada, if we were to prevent this country from drifting into the position of other countries in the world whose currencies were completely depreciated and whose credit was going from bad to worse, we would have to balance the

budget instead of having deficits year after year as hon. gentlemen opposite had. We started out to balance the budget. We made that our first effort, and although we had to deprive ourselves of the opportunity of doing much in the way of public works and aiding other enterprises, we nevertheless believed that the patriotic thing, the right thing, to do was to effect the most rigid economy and to retrench as much as possible, and that was and is our policy.

Now, may I say this so that there shall be no mistake about it: Hon. gentlemen opposite came into office in 1911. They found the revenues and the expenditures of the country fixed within very definite bounds. By 1914 they had increased the expenditure of Canada very considerably. When the war came on—

9 p.m.

An hon. MEMBER: What about the revenues?

Mr. MACKENZIE KING: The revenues had not increased proportionately. When the war came on, instead of increasing taxation hon. gentlemen opposite during the first couple of years raised less money in taxation from the people that remained at home. I wish to make a further statement, which I challenge any hon. member to deny—and I think it is the most astonishing statement that anyone could find it possible to make—and that is that the whole capital cost of the war and of demobilization, during the four years of war and the two years of demobilization—every dollar of that remains to be paid. Not a single dollar was raised in taxation by hon. gentlemen opposite to meet the capital cost of war, not a single dollar was raised by the conscription of wealth, although men were being conscripted. These are the facts.

Sir HENRY DRAYTON: My right hon. friend has again thrown out a challenge. I do not think his statements are true. I think my right hon. friend is entirely wrong. Further than that, he is wrong in the judgment of a gentleman in whom he has great confidence. I refer to the Right Hon. George P. Graham who, from his place in this House, denounced the late government for overtaxing the people.

Some hon. MEMBERS: Order, order.

Mr. MACKENZIE KING: My hon. friend is entirely mistaken. The Right Hon. Mr. Graham agreed absolutely with the statement I made to the House. My hon. friend will find figure for figure in the Public Accounts. He will find figure for figure in the statistical year book. Any hon. member who will look up the facts will find that with respect to the capital cost of the war and demobilization every dollar of it was met by borrowed money.

Sir HENRY DRAYTON: My right hon. friend, Mr. Speaker, says that I will find I am wrong, and makes his reference to Hon. Mr. Graham. I will state what I am referring to, so that my right hon. friend will be sure to find out that he is absolutely incorrect, as the fact is. Exception was taken—

Some hon. MEMBERS: Order, order.

Sir HENRY DRAYTON: There was a challenge given; is the right hon. member afraid to hear it? The fiscal policy of the then government was objected to strenuously by Hon. Mr. Graham, or, as he is now, the Right Hon. Mr. Graham, on the ground that it was absolutely too heavy a burden for the people of Canada to carry, and it was also objected to by the present Minister of National Defence. In so far as the cost of the war is concerned my right hon. friend's figures are incorrect. I pointed that out two sessions ago. Sir Thomas White made his calculation of five hundred million dollars odd.

Mr. MACKENZIE KING: I direct attention of the House to the figures I quoted in the previous debate. They are on Hansard, and I am ready to submit the matter to the Finance department, to the statistical department of the government, or to any authoritative body. I stand by the statement I made that it is absolutely correct with regard to the cost.

Sir HENRY DRAYTON: Will my right hon. friend—

Some hon. MEMBERS: Order. Sit down.

Mr SPEAKER: Order.

Sir HENRY DRAYTON: Will my right hon. friend go a little bit further?

Mr. SPEAKER: Order.

Sir HENRY DRAYTON: I am trying to—

Some hon. MEMBERS: Order.

Sir HENRY DRAYTON: I am trying. Mr. Speaker, to put a question to the right hon. Prime Minister. He has offered to refer the whole question to any department, or to some authority or other. I am quite willing that that should be done if he will refer the whole thing—if he will refer for example the whole amount of the addition to the capital debt of $90,000,000 not shown, and if he will also refer the whole question of expenditure as given at page 3256 of Hansard.

Mr. MACKENZIE KING: I should not wish to refer anything unless I referred the whole of it. But let me go a step further. Not only is what I have said about the capital cost of the war quite correct, but hon. members, in placing this colossal mortgage on the back of the country—because that is what it is—increasing thereby the interest on the public debt that has to be carried year by year, made it more difficult for subsequent governments to collect taxation to help to meet that great obligation. They issued a large proportion of their bonds tax exempt. When they were carrying on the finances of this country by issuing tax exempt bonds and were increasing the public debt of this country in that way they were laying up an obligation which subsequent governments had to meet and which we had to face. That is why we had to put on extra taxation—because hon. gentlemen opposite had borrowed instead of taxed and robbed us of the opportunity of getting in the form of income tax what we should have had and what any government should have had as a source of revenue.

I am taking more time than I should, but it is better that the country should know the exact facts, and I think hon. members will acquit me of the charge of having taken up too much of the time of the House this session. I certainly did not take up much of the time during the first month. Let me supplement what I have just said by an accurate statement of the figures. I will deal with the revenue from taxation only, since that revenue constitutes the real binder upon the taxpayers of Canada. The revenue raised in the pre-war fiscal year ended 1914, after hon. members opposite had been in office three or four years, amounted to $126,143,275, or $16.40 per head of officially estimated population. In 1911, when hon. members opposite came into office, the revenue from taxation was not $126,000,000 but $88,000,000 odd, or $12.31 per head of population, instead of $16.40, showing that as soon as my hon. friends came into office they began to increase the expenditures of the country. In 1915 the revenue from taxation amounted to $97,000,000 odd, or $12.40 per head of the population. In 1916 the revenue from taxation was $124,000,000 or $15.51 per head of the population. Those were war years. Hon. members will notice that less was raised in taxation during the war years than was raised in taxation in 1914, the year before the war commenced; at a time when the financing should have led to increased taxation, less taxation was being imposed. Then in the year 1921 the government raised from taxation the sum of $368,770,498, but they added to the national debt $92,000,000, a process which implies future taxation. If they had sought to balance the budget as we have sought to do, they would have had to raise $460,780,858. In 1922 the revenue from taxation was $319,926,013, but they added to the national debt $81,256,817. To balance the accounts for the year they would have had to raise $401,182,830. It was this ruinous and spendthrift course which in two years added $173,000,000 to the national debt, more than one-half the total pre-war debt of Canada. This had to be stopped, and that is what this government sought to do. We set out to do it first of all by seeking to cut down expenditure and by introducing policies which would lead to increased production. In 1923 we raised in taxation $335,453,431. That was not enough to balance the budget and we were forced to add to the national debt $31,641,067, but that was the last addition we made to the national debt; since that time we have been reducing the national debt rapidly. In the three latest fiscal years combined, 1924, 1925 and 1926, this government raised by taxation in the aggregate $962,913,325, but at the same time we wiped out the national debt to the extent of $62,308,183. The current taxes of the country during the three years were something like $900,600,000, on the basis of a tax revenue of about $300,000,000 per annum. Yet those who in 1921 imposed on the people in current taxation $368,770,498 and in future taxation $92,010,360, or a total of $460,980,858, and in the year 1922 in current taxation, $319,926,013 and future taxation $81,256,817, making a total of $401,182,830, have such short memories that they now accuse us of excessive taxation.

With the permission of the House I desire to place on Hansard a carefully prepared comparative table showing taxation necessary to balance the budget, actual total taxation and consequent addition or subtraction to the public debt. The statement covers the years from 1921 to 1926, both inclusive, and shows that in 1921 there was added to the public debt over and above taxation levied the sum of $92,000,000 odd. In 1922 there was an addition of $81,000,000 and in 1923, $31,000,000. In 1924, 1925 and 1926 there were subtractions of $36,000,000; $345,000; and $26,000,000 respectively. In other words, there was a saving to the taxpayer in present taxation or future taxation arising out of debt of over $100,000,000 as compared with 1922, and over $160,000,000 as compared with 1921.

Sir GEORGE PERLEY: Will the Prime Minister say whether the amounts guaranteed on behalf of the National railways are included in the statement?

Mr. MACKENZIE KING: I do not think the statement includes the amount for the Canadian National Railways, but it includes ordinary, capital and special expenditures and the cash advances made to the railways to meet the interest payments due to the general investor. I will now give the statement to Hansard:

Comparative table of fiscal period 1920-21 to 1925-26, both inclusive, showing: *(a)* Taxation necessary to balance Budget; *(b)* Actual total taxation; *(c)* Consequent addition or subtraction to Public Debt.

—	Taxation Necessary to Balance Budget	Actual Total Taxation	Addition to or Subtraction from Debt
	$	$	$
1921	460,780,858	368,770,498	+92,010,360
1922	401,182,830	319,926,013	+81,256,817
1923	367,094,408	335,453,341	+31,641,067
1924	305,725,213	341,718,807	−35,993,594
1925	293,568,929	293,914,518	− 345,589
1926	301,311,000	327,280,000	−25,969,000

This table shows:

The amount of taxation required in each year to balance the national accounts. In last 3 years averaged slightly over $300,000,000 as compared with $401,000,000 in 1922 and as compared with $460,000,000 in 1921.

A saving to taxpayer in present taxation, or future taxation arising out of debt of over $100,000,000 as compared with 1922, of over $160,000,000 as compared with 1921.

I hasten now, Mr. Speaker, to bring my remarks to a conclusion. One feature of the budget which I am sure will commend itself to the House and the country alike is the fact that the Minister of Finance (Mr. Robb) has undertaken for the first time to disclose what proportion of the taxation of the country goes to meet war obligations as contrasted with the proportion which is devoted to the discharge of obligations arising out of ordinary business of the government apart from the war.

To some of us, it is difficult to think in terms of the large sums with which I have been dealing. Our case will perhaps be clearer if it is stated in terms of the tax contributions per individual and the increase or decrease in the amount of the individual's share of the national obligations, taking the populations from the census and the annual official estimates of population.

Taxation in 1921 was at the rate of $41.96 per head of the census population, but the government also borrowed and spent $10.47 per head of the population, making the total contribution of the individual in present and future taxes $52.43. Similarly in 1922 taxation of $35.78 per head was supplemented by borrowings of $9.09, or $44.87 in all. In 1923 the individual's share of the national taxation was increased to $36.93, but the borrowings on his account were reduced to $3.48 or $40.41 in all. In 1924 his taxes were again slightly higher at $37.04, but instead of adding to his obligations he reduced them by $3.90, or in other words, his net payments in current taxes were only $33.14. In 1925 his taxes were $31.42 and his obligations reduced by 4 cents, making his payments in current taxes, $31.38. Finally, in 1926 his taxes were $34.47, but his capital obligations were reduced by $2.73, leaving his net contribution for current purposes $31.74. Here are the figures in tabular form:

TABLE SHOWING TAX CONTRIBUTION PER INDIVIDUAL AND THE INCREASE OR DECREASE IN THE AMOUNT OF THE INDIVIDUAL'S SHARE OF THE NATIONAL OBLIGATION FOR THE FISCAL YEARS ENDED MARCH 31, 1921 TO 1926, INCLUSIVE

—	Per head census or estimated population	—	Per head census or estimated population	—	Per head census or estimated population
	$ cts.		$ cts.		$ cts.
Taxation in 1921 was at rate of	41 96	but government also borrowed and spent	10 47	making total contribution of individual in present and future taxation	52 43
Taxation in 1922 was...	35 78	supplemented by borrowings of	9 09	or in all.....	44 87
Taxation in 1923—the individual share of the national taxation was increased to	36 93	but borrowings on his account were reduced to	3 48	or in all.....	40 41
Taxation in 1924—his taxes were again slightly higher at	37 04	but instead of adding to his obligations he reduced them by	3 90	or, in other words, his net payments in current taxation were only	33 14
Taxation in 1925—his taxes were	31 42	and his obligations were reduced by	0 04	making his payments in current taxes	31 38
Finally, taxation in 1926—his taxes were	34 47	but his capital obligations were reduced by	2 73	leaving his net contribution for current purposes.	31 74

Thus the average present and future taxation of the Canadian people for current purposes has been reduced from $52.43 per head in 1921 and $44.87 in 1922 to $31.38 in 1925 and $31.74 in 1926, the slight increase in the latest year being due largely to the increased payments in war pensions and to the compensation paid to the Home Bank depositors. Of that $31.74 of current taxation, $17.09 or considerably over half was due to the war.

Stating the same thing in terms of the family, one may say that the current cost of government per family of five in present or future taxation amounted to the following sums over a period covering the last six fiscal years:

Fiscal year ending	Cost of Government per family of five
1921	$262 15
1922	224 35
1923	202 05
1924	165 70
1925	156 90
1926	158 70

In other words, the annual present or future taxation for current administration imposed upon the Canadian family is over $100 a year less in 1926 than it was in 1921. Or for every dollar of taxes which the average family paid for current purposes in 1921 it paid 60½ cents in 1926. The record speaks for itself.

Let us now for a moment consider what becomes of this $158.70 of taxation which the family of five paid for current purposes in 1926. First and foremost, $85.45 or more than half, went to meet the current expenditures arising out of the war, while $5.60 represents the year's advances to the Canadian National Railways and the Canadian Government Merchant Marine. Subsidies to the provinces account for $6.50 and the year's outlay on the building of the new Welland canal for another $6.30—an expenditure which in other days would have been met by borrowing. Leaving these latter items out of account, the first two alone, which had no existence before the war, account for $91.05 out of the grand total of $158.70, leaving $67.65 as the figure of current taxation for ordinary purposes, as compared with $82.00 for the family of five before the war.

Here again, we have evidence of the economy and efficiency with which the regular administration of the country is being carried on—evidence which is truly remarkable in view of the fact that the dollar of 1926 has less than two-thirds of the purchasing power of the dollar of 1914.

I must now in conclusion thank the House for the indulgence it has displayed in following me in the remarks I have made to-day. I have thought it desirable in view of all that has been said throughout the country at various times, as well as in the House in the course of this debate, to submit to the people what I believe to be a true statement of the present position of Canada, a statement which, far from disclosing any trend in the direction of ruin, as one might gather from some of the speeches made by hon. gentlemen opposite, reveals a tendency in a diametrically opposite direction towards increasingly greater prosperity. I submit, Mr. Speaker, that if to-day we are able to announce to the country a vast reduction in taxation as disclosed in the budget now before parliament; if we are able to give to the people the figures quoted in the course of my remarks to-night, and which are unmistakable in their significance as to the prosperity which at present prevails in Canada, it is due first of all undoubtedly, and above all, to a beneficent Providence. But it is also due, I humbly contend, to the persistent and vigorous effort on the part of this government to retrench in matters of expenditure, and to the wisdom of policies which have been inaugurated making for greater because cheaper production as a result of the reducing of duties on the implements of production, and in other ways. I submit, Sir, that the prosperity of the country is due in very large measure to these circumstances and to the fact that the government has endeavoured to secure larger and wider markets by means of trade treaties entered into with France, Italy, Holland as well as with other parts of the empire, as for example, our sister dominion of Australia. It is due partly too, to the removal of the cattle embargo—another evidence of this government's desire to secure wider markets for the people of Canada. The present satisfactory state of affairs in the country, I now say, will be enhanced in larger measure by a continuance of the pursuit of that policy of cheaper production in relation to agriculture, mining, lumbering and fishing, and it will be materially aided by the reduction in the duty on automobiles and motor trucks, which beyond question are instruments of production in every field of industry, making as they do for the freer and more expeditious distribution of the products of industry, and materially promoting the business of manufacturers, wholesalers, retailers and consumers alike. The reduction of the customs duties on automobiles will, we hope and believe, without injury to the industries concerned, make this great utility more generally available to the people of the country and at a lower cost than formerly. Again may I say that the budget which has been brought down on the present

occasion speaks for itself as to the efforts which this government has made during the past four years to bring about improved conditions in Canada. And the conditions in the country speak for themselves as to what has been accomplished in that period of time.

If anything else has been needed, in addition to what has already been mentioned of the policies adopted to further the interests of this Dominion, it is to be found in the supreme effort of the government to keep Canada united from coast to coast, to prevent divisions from arising in different parts of the country through any attempt to protect special interests at the expense of the rest of the community. We have sought in all that we have done during the period that we have been in office to reconcile differences rather than to exaggerate them, and as far as lay in our power to minimize and where possible to put an end to differences between classes, between races and between creeds in order to make our country a united Dominion from the Atlantic to the Pacific, believing that as we make Canada strong so are we making, in the surest and most enduring way, the finest contribution we can make to the great empire to which we are all so proud to belong.

Hon. R. B. BENNETT (West Calgary): I rise to support the amendment. In clear and unambiguous language it is a challenge to the honour of the House, an appeal to the conscience of the nation. Anyone who has listened to the lengthy oration which we have heard this afternoon and evening must realize how truly, in the mind of the right hon. the Prime Minister (Mr. Mackenzie King), any appeal to honour is "milk and water." Milk and water! That appeals to the honour of this nation and this House; that promises made in the Speech from the Throne are not made to be disregarded but to be kept; that promises made to induce support are made for the purpose of being kept when you have the power to keep them and are not to be repudiated in the House you control. Milk and water? Of course, milk and water! Anything that savours of national honour is milk and water. The long series of misstatements to which for three or four hours we have listened to-night are simply calculated to mislead and indeed to discredit and dishonour parliament.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. It is not parliamentary to say of an hon. member that his statements are calculated to mislead.

Some hon. MEMBERS: Withdraw.

Mr. BENNETT: Mr. Speaker, I have a right to say that misstatements have been made. And misstatements are never made but for one purpose—to be believed. Therefore if they are to be believed they must be misleading.

Mr. SPEAKER: The hon. member will find in Bourinot that even such an expression as "the hon. gentleman is not candid in his statement" is not parliamentary. I rule that the expression "calculated to mislead" should be withdrawn.

Mr. BENNETT: Certainly I withdraw the statement without hesitation if Your Honour so rules. But I desire to point out that the distinction between saying, "a man is not candid" and "what he says is calculated to mislead," is so clear that even a first year student-at-law would understand it.

Some hon. MEMBERS: Withdraw.

Mr. BENNETT: There cannot be any misunderstanding about that. Now, Sir, we will proceed a step further. The words, "glaring misstatements" have been held in the British House of Commons to be in order. I did not characterize these statements as glaring misstatements, but as calculated to mislead the House and the country.

Some hon. MEMBERS: Order.

Mr. BENNETT: I withdraw the observations if they are ruled out of order, but I made them for the purpose of characterizing my appreciation of the statements that were made. As the right hon. gentleman proceeded with his speech I could not help but think, Sir, of the series of great debates in the British House of Commons that took place between Disraeli and Peel. You will recollect that Peel had been the leader of the Conservative party, and later he introduced a measure which resulted in the repeal of the Corn Laws, although he had appealed to the people for support to retain them. Mr. Disraeli, as he then was, attacked Peel and pointed out that such a course robbed parliament of its reputation and destroyed the honour of the institutions they were sworn to protect. During the course of his observations on one occasion Mr. Peel made some reference to Mr. Canning, whom he had not treated very well. Thereupon Mr. Disraeli said he could not understand the right hon. gentleman ever mentioning the name of Canning in view of the way in which he had treated him.

This afternoon the House heard the right hon. leader of the government refer to a speech which he said was made in Kitchener

by the leader of the opposition. He is not in his place to answer for himself I very much regret to say, but I have before me the report in the paper published in the community in which the hon. member for North Waterloo (Mr. Euler) resides, and I find that next day in the Kitchener Record he summarized the observations made by Mr. Meighen in this way:

> Mr. Meighen states correctly that he in parliament favoured giving preference for preference, which is exactly the attitude I repeatedly ascribed to him.

Those are the words attributed by the hon. member for North Waterloo to the right hon. leader of the opposition in the speech to which the right hon. leader of the government has referred. In that summary there are none of the terms to which we listened this afternoon. I have read the report of the speech made by the right hon. leader at Kitchener for the purpose of ascertaining if the language used in the local paper could be attributed to him. He did say:

> We believe in preference for preference.

Those of you who read your Hansard will realize that when the then Minister of Finance, Mr. Fielding, introduced his budget in 1897, in which he gave a preference to Great Britain without receiving any, Sir Charles Tupper, then leader of the Conservative party, protested. He said we could have had a preference without giving any at any time if we so desired, but that is not what we want. We want something for something and not nothing for something. We are not going to give away our heritage and our patrimony unless we get something in return. Therefore Sir Charles Tupper opposed the preference put forward by Mr. Fielding. And what is more, the Conservative party has steadfastly clung to that one conviction, that we must receive a preference if we give a preference. The right hon. leader of the opposition was upbraided, at least by the hon. member for North Waterloo, because he did not go far enough in his speech. He said:

> That would be of no practical use whatever. If Canada gives a preference it must necessarily be on manufactured products, the very thing Canadian industry does not desire.

In that statement signed by the hon. member for North Waterloo there is no reference to the observations which are now attributed to the right hon. leader of the opposition. I go further. I have in my hand various statements made by him in other places in which—

Mr. EULER: If I may interrupt my hon friend? I am sure he would not do me an injustice.

[Mr Bennett.]

Mr. BENNETT: Certainly not.

Mr. EULER: The mere fact of my statement in regard to the speech of the right hon. leader of the opposition at that time I think does not necessarily preclude his having said what the Prime Minister says he said.

Mr. BENNETT: That may be, Mr. Speaker, but in the report of October 28, 1925, of the meeting held in the town of Kitchener by the right hon. leader of the opposition there appears no language such as that attributed to him by the right hon. leader of the government.

Mr. MACKENZIE KING: May I ask my hon. friend, will he say I quoted from a source which does not exist?

Mr. BENNETT: No, Mr. Speaker, I will have occasion before I conclude to refer to the erroneous impressions which the right hon. gentleman created. I did not say he was quoting from a source that did not exist, but I do say that his quotation was not correct. Let us go a step further in respect to that. The right hon. gentleman said he was greatly surprised that the leader of the opposition would make the statements which he was alleged to have made at Kitchener. That is what brought the Canning incident to my mind. The county of Waterloo has a history. It was once represented in this parliament by the right hon. leader of the government. In 1911 he there sought re-election, and the nomination proceedings were reported by the Toronto Globe:

> Hon. Mr. King read extracts from Mr. Borden's speeches in the House of Commons, in which the Conservative leader referred to the danger of war with Germany, and urged the government to go to Britain's aid with a dreadnought or a cash contribution.

These are the words of Mr. King:

> Are the people of this country to place at the head of affairs a man who would be precipitated into such a position as this, who will take from the treasury, and who would have taken enough money to build two dreadnoughts and send that money to England, so that they could spend it as they please! and against what country? He was ready to send money to build warships to fight Germany.

Mr. MACKENZIE KING: My hon. friend has just reminded the House that it is desirable to look in the local papers for accurate reports of what takes place.

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: Just a moment, I have the right, Mr. Speaker,—

Mr. BENNETT: Mr. Speaker, I protest. What is my right hon. friend's question? Let him ask it.

Mr. MACKENZIE KING: I say to my hon. friend that what he is reading at present—

Some hon. MEMBERS: Order, order.

Mr. MACKENZIE KING: I have a right to deny a statement. I say that the statement my hon. friend is reading is not a true statement; that has been repeatedly stated on the floor of this House. He will not find in any paper published in Waterloo county the words attributed to me which he is now reading. They were never uttered; the proceedings that are purported to be reported in the quotation he gives were held in camera and not in public.

Some hon. MEMBERS: Order, order.

Mr. MACKENZIE KING: I am making a statement which I am entitled to make, when my hon. friend makes a challenge of this kind. This has been denied over and over again, and he comes now, in 1926, with statements which have been denied since 1911. I deny emphatically the statement read by my hon. friend.

Mr. BENNETT: The hon. gentleman has denied that the report in the Toronto Globe is accurate. The Toronto Globe was then supporting him and his party. I am now quoting these further words from the Toronto Globe. The correspondent adds this:

> A larger number of delegates were of German descent, and they loudly applauded Hon. Mr. King's statement.
>
> Referring to the candidature of Major Weichel, he asked: How are the Germans of this country going to stand behind him, when he is supporting a man who is taking such a stand in regard to the defences of the empire?

These are not my words; they come from the Toronto Globe. The Toronto Globe supported my hon. friend's party at that time and the Toronto Globe correspondent was in the secrets, at least, of the Liberal party. I can understand the right hon. gentleman's memory being defective. I would not like to say, fifteen years later, that a particular incident was or was not correctly reported. I read this from the Toronto Globe for what it is worth, just as it appears.

Mr. MACKENZIE KING: May I say to my hon. friend that, far from my memory being defective, I remember distinctly that as soon as that report appeared in the Toronto paper I denied it emphatically and challenged anyone to prove it.

Some hon. MEMBERS: Order, order.

Mr. SPEAKER: Any hon. gentleman may deny a statement.

Mr. STEVENS: He did not rise to a question of privilege.

Mr. SPEAKER: Order.

Mr. CANNON: Give us some more of that stuff.

Mr. BENNETT: I am not now discussing the war with Turkey. I will reach the Solicitor General by the time we get to Mesopotamia, and possibly the flesh pots of Egypt; I do not know, we may discuss those subjects.

Mr. CANNON: I think you struck me once before.

Mr. BENNETT: I have no memory of it. The hon. gentleman flatters himself, which is not unusual. Now, Mr. Speaker, may I proceed? I was observing that it is no wonder the hon. gentleman was somewhat surprised at the observations attributed to the leader of the opposition which were alleged to have appeared in the papers. I have no more reason to believe the paper was correct in its observations with respect to my right hon. leader than I have for disbelieving the observations which appear in the Toronto Globe with respect to the Prime Minister.

So much for that phase of it; now let us proceed to the next point made by the right hon. gentleman. With great care and at considerable length he stated that this country had reduced its debt and reduced the burden of taxation upon the people of Canada since this government came into power. In making that assertion he placed on Hansard a mass of figures, and challenged anyone to controvert his statements. I hold in my hands the public accounts for 1925 and I ask hon. members to turn to page 46. There we find that on March 31, 1922, the debt was $2,422,135,801.73. The right hon. gentleman gave us the exact figures brought down to date, not the figures which were presented by the Minister of Finance but those figures corrected by him, and here they are, in order that there may be no misunderstanding: $2,391,000,000. So that to-day we are said to have a debt of $2,391,000,000, whereas on the 31st day of March, 1922, we had a debt of some $2,422,000,000. That is the real state of the public accounts as disclosed by the records and the speech of the Prime Minister. But it is not important to add together what the income may have been and deduct from it what the expenditures may have been; the cold facts are that in the next column it is shown that in the year 1922 the debt increased by $81,000,000 in round figures; in 1923 it increased by $31,000,000, making a total as you will

observe of $112,000,000. From that we deduct $35,993,593.86, the decrease in 1924; $345,589.29, the decrease in 1925, and this year's reductions, which are said to be some $33,000,000. Adding those together we get a total of about $69,000,000 against additions to the debt of about $112,000,000 leaving a net increase of $43,000,000. Those are the facts.

Mr. MACKENZIE KING: Does my hon. friend dispute the accuracy of the figures I gave with respect to the reduction in expenditure, as found on page 44 of the Public Accounts? I was talking of the public expenditure when I quoted these figures.

Some hon. MEMBERS: Order, order.

Mr. BENNETT: I must protest, Mr. Speaker; this is the second or third time the right hon. gentleman has interrupted in this way.

Mr. SPEAKER: The right hon. gentleman will please put his question.

Mr. MACKENZIE KING: Will my hon. friend—who is now speaking about the public debt; I was speaking of expenditure—say that the figures I quoted as to the revenue and expenditure are not exactly as set forth in the Public Accounts?

Mr. BENNETT: I hope the right hon. gentleman does not think we are as gullible as all that. If, when the government came into power, the debt of this country was a certain amount, and to-day it is more than that, what is the result?

Mr. MACKENZIE KING: May I ask another question?

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: I think I was courteous to hon. gentlemen opposite when they asked me questions, and I am entitled to the same courtesy. May I ask my hon. friend if the figures he is giving the House at present do or do not include the amounts paid out for the Canadian National Railways and the Canadian Government Merchant Marine?

Mr. BENNETT: Of course they do not, except to the extent that the direct obligations were included; they do not include the indirect obligations at all. I am coming to the railway situation in a moment, and when I get through with that I suppose the right hon. gentleman will have some more questions. Let this country and this House be under no misapprehension. When the right hon. gentleman came into power the debt of this country was as I have indicated, and to-day it is greater. What interest have we in income and expenditure if at the end of the period of time the obligations of this country, apart altogether from its indirect obligations with respect to the railways, are more than they then were? Let there be no misunderstanding in that respect; these are the facts.

I do not propose to go into the question of income and expenditure except to point out that in the year 1920-21 the government of the day determined that at all hazards it would balance the budget. You will observe that for the first time in the history of Canada the government then collected more than $400,000,000 in revenue. That will be found at page 45 of the Public Accounts, the exact figure being $436,292,184.41. In 1922, in consequence of certain remissions of taxation, that was reduced to $382,000,000, but in the year in which this government had full control, in 1923, it exacted from the people $403,000,000, and the next year $406,000,000, so that of the three times in the history of this country in which over $400,000,000 was extracted by way of taxation from the people of this country, two of them were occasions on which the taxes were imposed by the government of the right hon. gentleman opposite. That is the position, and notwithstanding this fact, the condition of the national finances is as I have indicated from the Public Accounts, and not otherwise. So much for the national debt situation.

Mr. MACKENZIE KING: May I interrupt my hon. friend for a moment? He has referred to page 46. Unfortunately I had not the opportunity to look at page 46. I do not think my hon. friend wishes to mislead the House, but will he say whether I am wrong in this? On page 46 of the Public Accounts, in the fourth column is given the net debt of Canada, and for the year 1922 that is shown as $2,422,000,000, in round figures.

Mr. BENNETT: That is what I say.

Mr. MACKENZIE KING: In 1923 the net debt is given, in round figures, as $2,453,000,000; in 1924, $2,417,000,000; and in 1925, $2,417,000,000. Those are the figures that are given there, and the last two years show a very distinct reduction in the net debt of the country.

Mr. BENNETT: I said all that, but I am pointing out that if you take the national debt of this country for the year in which hon. gentlemen opposite assumed control in this country and the national debt to-day, and if you take the deficits on the one hand and the surpluses on the other, you will

observe that this country to-day is worse off than when they came into power.

Mr. MACKENZIE KING: I shall not interrupt my hon. friend again, but may I make this one observation?

Mr. BENNETT: If it is a question.

Mr. MACKENZIE KING: Was not the year we came into office the year when he and his friends were in office for nine months, and this government for only the other three months?

Mr. BENNETT: My right hon. friend is permitting his feelings to get the better of him.

Mr. MACKENZIE KING: Not at all.

Mr. BENNETT: I said 1922. That, of course, was the fiscal year for which we had control—at least, I was not here, as the right hon. gentleman knows. At any rate I tried to give my hon. friend the benefit of that. I took the succeeding years as well. I took the surpluses on the one hand and the deficits on the other, and took the debt, and showed what was the difference in the national debt of this country.

My right hon. friend has claimed great credit to the administration for having created what he called wider markets. Wider markets for whom? Will any hon. gentleman opposite deny that every trade treaty that has been negotiated by this administration since it came into power has resulted in increasing the trade of that country with us and decreasing the trade of this country with them? Wider markets? The United States, in their official bulletin issued in November, 1924, pointed out that every revision of the tariff in this country under the present government had been a revision downward, and that the effect of revising it downward had been to increase the trade in manufactured goods of the people of the United States with Canada, with a corresponding loss to our manufacturers in this country. Talk about your treaty with the West Indies, or about your treaty with France or Italy or Australia. The cold-blooded facts are these: We have increased the trade these countries have done with us, but we have lessened the trade we have done with them. That is the position. Hon. gentlemen opposite get up and tell this House that this government is widening markets in this country. Of course, you are widening them; you are widening them for our competitors, for those countries who are sending out commercial agents to every part of the world. You are widening them for the United States, increasing the sale of their products to us, and diminishing our sales to them, with corresponding loss of work for our own people. So much for that.

Then, arising out of that matter, my right hon. friend referred to the great reductions that had been made in the duties on agricultural implements, and to the decrease in prices with respect to them. That, he pointed out, is a wonderful thing accomplished for this country. But, Sir, I will point out that the prices of implements in western Canada at least are not any less than they were before this tariff was reduced if you deduct the sales tax and adjust your prices accordingly. What happened? Let us look this thing fairly in the eye. A colleague of the right hon. gentleman whom an informed electorate rejected in Durham cried almost in tears when the government reduced the duty on agricultural implements, and further, if the right hon. gentleman will induce Mr. Massey to withdraw the privilege that he attached to a letter he wrote to the right hon. leader of this opposition, so that the letter may be given to the people of this country, we shall have a clear understanding of what he thought of those reductions in the tariff. Why, Sir, what happened then? Mr. Massey, the president, and Mr. Bradshaw journeyed to this city when the duty was being removed, and told the government of the day what the situation was. Ruin staring them in the face, they said; workmen who had been with them for years thrown out of work. And the government did what? It took off the sales tax, and it made free the materials that they use in the manufacture of their machines. That is what the government did. And the Massey-Harris Company is better off to-day and actually is enjoying higher protection than ever before. I warn my friends to the left—Beware! The government that yielded to the importunities of Mr. Massey, the government that put upon the free list all the materials that are used in the manufacture of implements, the government that did these things is now playing with this automobile tariff, and the people of this country who have been made to believe that this government is going to strike a blow at protection will find out before very long that the automobile industry will have a higher rate of protection than it ever had.

Mr. ROBB: Then why delay the process?

Mr. POWER: What are you complaining about then?

Mr. BENNETT: Because of the duplicity of this government.

Mr. POWER: The people won't mind the duplicity if they get lower prices.

Mr. BENNETT: The hon. gentleman thinks that national honour can be bartered and sold for dollars and cents. I say it cannot, and before I conclude I hope to show to this House, and peradventure to the people of this country, that to continue longer this form of hypocrisy is to put a premium on organized cant, and is saying to the people of this country: "We can fool you by buying you with your own money." There are some, I daresay, who will applaud that idea as being sound. I refer to my hon. friend from North Bruce (Mr. Malcolm) and to my hon. friend from Quebec South (Mr. Power).

Mr. MALCOLM: I did not applaud.

Mr. BENNETT: You looked as though you would like to. Let me proceed a step further. What has been the result in Nova Scotia? The two great factors that are to be considered in the manufacture of implements are steel ingots and pig iron. Do you realize what the position of this country was before the right hon. gentleman passed his tariff and put these materials on the free list? I have in my hand the figures with respect to the iron industry taken from the Iron Age, with which I am sure most hon. gentlemen are familiar and you will observe that the way in which they compute is from an index number. They take 100 as representing the monthly average production of pig iron in 1913 in the United States and Canada. In 1914 the figure stood at 69 for Canada and 75 for the United States. I will skip the years 1915 and 1916 when production went up, and will come to 1919. In that year the figure in the United States was 100 and in Canada 81. The next year the figure went up to 120 in the United States and in Canada to 96. In 1921 it was 54 in the United States and 60 in Canada. In 1922 the figure was 87 in the United States; in Canada it had shrunk to 38. In 1923 the figure in the United States was 130 and in Canada 87. In 1924 when this beautiful scheme devised to please Mr. Massey became effective I find that in the United States the relative number was 101 and in Canada it was 59. In 1925 it was 118 in the United States and in Canada 58. I have the various months right down to 1926. We find that in January of this year the figure was 130 in the United States, and that was 30 over par. In Canada the figure was 68 or 32 under par. In February the figure in the United States was 114, or 14 over par as against a figure in Canada of 60, or 40 under par. In the month of March the figure in Canada was 64. The figures in the United States for that month have not been compiled, but they were over par. That is what happened. We have an industry on the verge of bankruptcy, one of the very greatest industries that ever can be established in this country. Protection has been taken from it and as a result the United States blast furnaces and steel mills are running to capacity, while the Nova Scotia mills are being ruined and are on the verge of bankruptcy. These are facts from which there is no escape. It is pointed out that the result of this has been to remit $3,000,000 to the Canadian farmers, representing the sum which it is asserted the Massey-Harris Company unjustly extorted from the people of this country, nevertheless that same Mr. Massey is chosen as a leader in Israel and the colleague of the right hon. the Prime Minister.

Then I turn to steel ingots, and I find the same position relatively. Starting with the index number of 100 I come down to the year 1924 and I find that in the United States the number was 122 and in Canada 62. In 1925 the number was 146 in the United States and 72 in Canada. And if you take the record month by month you will find this is what happened: Just as soon as these materials were placed upon the free list just as soon as Canadian development stopped, just as soon as the tariff was remitted against the importations for these purposes, our production lessened. The index number in the month of June in the United States was 81 and in Canada 79, only two below. In July the number was 74 in the United States and 60 in Canada; in August 101 in the United States and 26 in Canada; in September 112 in the United States and 21 in Canada; in October 123 in the United States and 23 in Canada; in November 123 in United States and 26 in Canada; in December 141 in United States and 30 in Canada. We have steel ingots in January of this year in the United States at 165 or 65 over par; in Canada down to 79. In February the number was 150 in the United States and 61 in Canada. In March it was 165 in United States and 68 in Canada. There is the tale.

An hon. MEMBER: There is the story.

Mr. BENNETT: Yes, there is the story. And what do the people of Nova Scotia, what do the people of the lower provinces, get for it? What they receive is a royal commission. Massey gets a seat in the cabinet; and the Prime Minister dare not have made known to the people of this country the communications sent by Mr. Massey to my right hon. leader in which he stated what he thought of the right hon. Prime Minister and his government when they reduced the duty on agricultural implements.

Furthermore, paints and varnishes, materials that go to furnish employment for Canadians, are coming in free, and tending to reduce the number of people working in the agricultural implement industry in Canada. I point out that the number of these employees, greater though it is now than in 1921, is thousands less than it was in 1919. In the factory which the Massey-Harris Company owns at Batavia they are making more money than ever to-day, and this money is going into the exchequer of the Canadian company. But in order to accomplish that result manufacturing is being carried on in the American plant; the Canadian plant is becoming a mere assembling plant for American materials. They manufacture in their factories in the United States and buy in the open market the materials required for manufacturing purposes which are used in their factories in this country. These materials are shipped across to Canada and assembled here. That is the story with respect to the effort to reduce the duties on agricultural implements. The price of agricultural implements has not been reduced except to the extent of the sales tax. What has happened is that injury has been done to that great enterprise, the agricultural implement manufacturing business in Canada, to say nothing of the injury resulting from the destruction of our iron and steel industry, the lessened demand for Canadian paints and varnishes and all those other materials that enter into the manufacture of the finished product.

But that is not all. The right hon. Prime Minister stated a moment ago—I do not know what induced him to do it—that the right hon. leader of the opposition had pointed out that the result was going to be tremendously injurious to Canada. At column 2106 of volume 3 of the debates of parliament for 1924 I find these words from the Right Hon. Mr. Meighen:

> Now I am going to make a few remarks on the present changes.

That was after the King government had swept away the sales tax and made various changes in the duty.

> They embrace reductions on agricultural implements; reductions, however, far more serious in the case of those other manufactured products which enter into the construction of such implements; reductions as well in mining and logging machinery. There is a reduction in implements of some four per cent on the main items, five per cent on some others, and as high as even ten per cent. Reductions are given however on what are called raw materials but what are really manufactured materials produced by other supplying plants. The importation of these materials is allowed virtually free, wholly free in so far as pig iron and steel are concerned, and almost free as respects all other commodities. Just what the effect is to be on the agricultural implement industry I do not undertake to say; time will tell. I do not presume that very great change is made as respects that single industry; but the penalty is heaped on others in order that hon. gentlemen to my left may be enticed.

Those were the words of the right hon. gentleman. He did not for a single moment raise a blue ruin cry or that the changes in the tariff would mean destruction to the industry. He said that he could not say just what the result would be, but he added: You strike at the whole fabric of protection, you destroy these smaller industries that are supplying component parts to the larger industries, and you are giving employment to thousands of workmen in foreign lands that they may be able to partly manufacture or partly process goods that are sent into this country to be completed and afterwards sold to the Canadian people. That is what has happened in the case of the agricultural implement industry. The manufacturing is carried on in the plant at Batavia. The plant at Toronto has become more and more an assembling plant. Let us look these facts squarely in the face; let us be under no misapprehension with respect to the situation. That is what is being done in the case of one of our greatest industries. In the United States it is said that steel is king. That means that the steel industry is so important to the people that there is a direct relation between the prosperity of the steel industry and the prosperity of the country as a whole. And in the United States to-day you will find the prosperity of the steel industry reflected in the prosperity of the people themselves.

10 p.m.

But in this country the pig iron and steel industry has fallen to the condition I have mentioned, with the result that in Nova Scotia the desire has been expressed for a plebiscite on secession.

The right hon. gentleman closed his speech with a plea for national unity.

An hon. MEMBER: What a joke!

Mr. BENNETT: National unity! While with one hand destroying our industries and with the other giving our raw materials to the manufacturers of the United States and permitting them to come in here with their finished products. That is what they call national unity. National unity in their dealings with the Maritime provinces which have made such a contribution to the country with their vast resources! Do hon. gentlemen realize that the people of the great republic to the south of us regard those deposits which are capable of making pig iron and steel as

one of the most priceless assets of any country in the world? Yet this government now prides itself on the fact that it has practically closed up that industry, or put it on the verge of ruin, while the United States industry flourishes as it never has before. They talk of national unity with legislation such as that. Is it any wonder that the people of this country last fall, sickened by this cant and hypocrisy, went to the polls and voted as they did? Can there be any doubt as to that? The party with such a small and insignificant following sitting to the left of the Speaker last session came back this year to parliament 116 strong. Then I think a further test could be fairly applied, and the facts will be found in the Labour Gazette of 1926. The figures are as follows:

Cost per week of a family budget of staple foods, fuel and lighting and rent in terms of the average prices in sixty cities in Canada.

In 1922 when my right hon. friend was thoroughly in the saddle surrounded by a government of his choice, we find that the average cost of living was $11.03. In 1926 it was $11.63, or 60 cents more. Then we come down to the grand total, including rent and coal, and in January, 1922, we have $21.52 as against January this year, $21.96, or 44 cents more in January, 1926, than in January, 1922, as the cost of living of the average man. This is the government that is supposed to have cheapened the methods of production and lessened the cost of living, produced the prosperity budget, and saved the people from blue ruin!

Reference has been made to immigration. I am not going to dwell on that, more than to make one or two general statements. Since the government opposite came into power we have lost 500,000 of the best men and women in Canada. They have left our shores and gone to the United States of America. Why? The right hon. gentleman had the effrontery to tell the House that the reason was that members on this side of the House had circulated propaganda containing statements derogatory to the country. I think that statement is beneath contempt. Has this parliament sunk to such a low level that men may not point out the facts without being slandered because they attempt to do it? Is it the idea that we should enjoy the false security which emanates from a failure to appreciate the conditions under which we live? The ostrich covers his head in the sand and thinks he is safe. The counsel of this government is to emulate the ostrich, cover our heads in the sand, and feel that all is well. Surely the right hon. member does not mean that. Surely that cannot be possible. Then he makes charges against the leader of the opposition who has gone to and fro in this country and appealed to reason and to the considered judgment of the people and shown them the facts. He has conducted no war in Turkey, but he has appealed to the records of the country, the state of its population, the movement of its people, its imports, its exports, the operations of the tariff upon our well being. He has pointed out these things, with the result that the majority of the people of Canada may believe in his policies. We are told that to point these things out is a crime. Now it is about time that sort of argument in this House ended. If hon. gentlemen will remember the sort of campaign conducted prior to 1922 by two hon. members sitting opposite, you will understand why they think recourse to that sort of argument would be what they would indulge in. Does the right hon. member remember his speech regarding the chief seat in the synagogue and the broadening of their phylacteries? Does the hon. Minister of Justice (Mr. Lapointe) remember the appeals he made with respect to the government having earned the contempt of the country? Does he remember how he pointed out the dire disaster that was overtaking this country? That was right and good, that was well! Responsible government no longer existed. The country was being ruined because they were not in power, and now, because they sit in the seats of the mighty and enjoy the sweets and emoluments of office, then indeed any observation one ventures to make by way of criticism is regarded as lese majeste. The right hon. member has not yet aspired to the position of dictator. There is not much of Mussolini about any hon. members opposite, but I have no doubt the wish is father to the thought. I have pointed out what has happened in this country, and stated that people were leaving the country. Why? The answer is simple. It is because there is nothing to do in Canada, and no work to be got here. I could name you now one hundred men and women I know who have left this country in the last five years because they could not get any work to do. I have seen men with tears in their eyes, beseaching me to try and find a job for them in Canada. I have seen women who had to go to the United States to find employment in offices and in factories. I have seen men who had come from Britain leave this country for the United States. I have heard the statement made that there are no soup kitchens in Canada. We have had soup kitchens in this country during the last

few years. We have men in this country who can find no work to do who are compelled to live on the benevolence of their friends. An attack has been made on St. James street, and one who has been denounced most frequently is a gentleman who out of his own purse, without any publicity about it, conducts free soup kitchens and supplies food to hundreds during the winter. Let us face these matters frankly. Men and women leave the country because they have no work to do, and why? The reply is clear and obvious; it is because we are bringing to this country the product of the hands and minds of thousands of people who should be employed in Canada and not in the United States. What is more, the people of this country understand it.

The people, as the right hon. gentleman admitted this afternoon, were appealed to by this party for support in the election last October on one ground, namely, that this country's market should be kept for Canadians, that we should develop our latent resources, and use the means at our disposal, namely the tariff, for the purpose of affording that equality of opportunity to Canadians which existing legislation denies them. I think it is about time we faced the issue fairly. My right hon. friend referred to the volume of trade, to the great excess of exports over imports $402,000,000, and yet if you look at the trade returns for this twelve months ending March 31, you will find the two items alone made up $800,000,000 of the total of $1,300,000,000 of exports. What were they? The products of western Canada, principally wheat and cereals, and wood and pulp and wood products. I have the figures before me if hon. members are interested in them. Surely the people of the country and the members of the House know that in the year 1925 we had the second largest crop in our history in point of value; and this year the value of our exportable trade in grains and cereals totaled over $600,000,000, while over $270,000,000 of our exports consisted of pulp and paper. In other words, nearly $900,000,000 out of a total of $1,300,000,000 comprised grain and pulp and paper.

The Minister of Finance (Mr. Robb) and the right hon. the Prime Minister (Mr. Mackenzie King), reflecting his mind, point out that there was a balance of trade in our favour during the past year of $402,000,000. I had thought that the practice of computing a country's prosperity solely by reference to the trade balance had been altogether abandoned. Has the Prime Minister taken any cognizance of our invisible imports? In England the other day it was contended that there was an adverse balance of trade, but when account was taken of the great invisibles such as freight, interest, foreign investments and so on, that unfavourable balance was converted into a substantial balance on the right side of £150,000,000. But what about this country? During the last eleven years this Dominion has borrowed from the United States an average of $200,000,000 per annum. Now, how does that money come into Canada? It comes in one of three forms: in gold, in merchandise or in securities. We do not get any gold, for the reason that our banks do not maintain more that $100,000,000 in gold for the purpose of protecting their currency. We did, however, get that money for the most part in merchandise—merchandise that could and should be made in Canada. If you reckon the invisible imports, therefore, you will find that instead of a favourable balance of trade we have had one vastly different and one which the government has no reason whatever to boast of. I have inquired of those who know as to what the value of these invisible imports might be. There are differences of opinion on the question, but there can be no doubt that they amount to a very substantial sum. It will suffice, however, to say that we have been receiving on an average from the American people a couple of hundred million dollars per annum by way of loans during the past eleven years. I leave that for the consideration of the government. Do hon. gentlemen realize that included in our exports to the United States there is bootleg liquor? That liquor is consigned to Mexico, but it remains in the United States; sometimes in winter it is consigned to Mexico via Ford, but its destination is immediately to the south of us. It is estimated by the Prime Minister himself that the smuggled imports amount to over $100,000,000 at least, and probably the sum is greater than that. These are all factors that should be carefully considered, and I venture to say that if you were to analyze the trade balance minutely you would find that the figures to which reference has been made are as deluding as figures well can be. The truth of the matter is that to an increasingly greater extent this country is obtaining capital from our great neighbour to the south, and upon that capital interest must be paid.

Surely it is time we paused and took stock of the situation. In exporting, as we do today, logs and pulp in the unmanufactured state, we are probably losing $5 for every dollar we get. If that estimate is excessive I suggest that $4 is a safe figure. Take asbestos, and nickel to a greater extent. In the

case of all these partly processed materials, has not the time come for us to consider what our exports mean to us? Then there is a point that should never be lost sight of when we are shipping out of the country these vast quantities of pulp and paper, namely that we are denuding our lands of their forests and, what is more, destroying capital that cannot be replaced. This is a serious matter. What is the reason our friends from the United States come here and establish industries? Because Canada is the greatest depository of raw material now available on the continent. Should we not therefore carefully ponder the situation and try to understand why it is that other countries are preserving their forests while we are allowing ours to be exploited to our very serious disadvantage? These are questions that call imperatively for consideration. When I say that the major part of our exports consists of the two items I have mentioned, let me add that it looks as though the limit will soon have been reached so far as our exports of wheat are concerned. This is a grave matter and one that is of vital moment to the country from which I come. The limit of the absorbing power of the purchasing countries of the world to which we ship our wheat and cereals is nearly reached; how nearly I do not know, but I do know that from an analysis of the figures made by men in the trade it is quite clear that with the effort being made to stimulate the production in European countries, and with the possible come-back of Russia at no distant date, we have nearly attained the maximum so far as our exports of grain in Western Canada are concerned. If that be so, then at once there arises a question of the first magnitude which demands the serious consideration of the government. I mention this in passing, because it must be clear that in Great Britain, France, Germany, Spain and other countries a most determined effort is being made to-day to do all that can be done to stimulate production and to obviate as far as possible any reliance upon other peoples for food supplies. The effect of shipping out all this grain rather than manufacturing it into flour in our own country, and the present condition whereby the foreigner gets the benefit of these exports to the extent he does, is reflected in the invisible claims that are made upon us. I will not argue this point to-night, but I may tell the Prime Minister that if only he will look closely into it he will be forced to a conclusion wholly different from the one he has expressed.

[Mr. Bennett.]

Mr. POWER: Does the hon. member suggest that the present government could prohibit the exportation of pulp?

Mr. BENNETT: I am satisfied, in the language of Mr. Gladstone, that the resources of civilization are not yet exhausted against its enemies, and it would be easy for this government to pass legislation controlling the exports of raw material from Canada.

Mr. POWER: What resources does my hon. friend refer to?

Mr. BENNETT: Again, with Mr. Gladstone, I decline to prescribe until I am called in. So much for immigration and trade, and so much for the public debt.

Now let me consider questions more immediately dealt with in the budget. One of these is the income tax reduction and the reduction in the duty on automobiles. The Prime Minister this afternoon challenged the opposition in reference to its amendment, and rather questioned the sincerity of the motion. He suggested that the amendment did not ring true to the principles the opposition espoused and the principles it enunciated during the election. He added that at least during this session we had not endeavoured to indicate our reliance upon the maintenance of a general protective policy in this country. I find by reference to Votes and Proceedings No. 17, at page 58, that the leader of the opposition (Mr. Meighen) moved in amendment to the Speech from the Throne the following motion:

That the following words be added to the said Address:

"We desire respectfully to express regret that the Speech from the Throne gives no indication of policy designed to enlarge the volume of employment in Canada, and particularly to give to the producers of farm products, coal and other primary products the advantage they are, under present world conditions, entitled to enjoy in the market of this country."

Could anything be clearer than that? I will admit that my right hon. friend at that time was inadvertently absent from the House, but at any rate the fact is that the journals of this House show that by this amendment the party on this side of the House asked for protection. The amendment was negatived by a vote, I think, of 115 to 125.

Mr. MACKENZIE KING: May I say to my hon. friend that nothing could be clearer than that the word "protection" does not appear in the amendment?

Mr. BENNETT: I know it is quite unnecessary to use the word "protection" to carry its meaning to the right hon. gentle-

man. In England, for instance, it is called what? The safeguarding of industry. We desire that Canadians should have an equal opportunity to work out their destiny and develop the resources of their country. You may not use the word "protection", but the only method by which you can secure that growth of trade, by which you can safeguard the industrial life of this country, is by the adoption and the maintenance of a uniform principle of protection. It is perfectly true that the word "protection" is not there, and yet every speech made upon that amendment was a plea to the government to embark upon a policy of defined and maintained protection. Those speeches were made alike by members from Ontario and from British Columbia, by members representing the fruit growers of Nova Scotia and the lumbermen of New Brunswick, by members representing the artisans in the industrial centres, by members representing all walks of life and all trades—they made speeches upon that amendment in which they pleaded for the safeguarding of the industrial and agricultural life of this country, for the protection of the fruit industry and the vegetable industry from the encroachment of our neighbours, in order that we might be able to bring back those 500,000 people from the States, and, bringing them back, to keep them in this country. The greatest problem that confronts Canadian men of thought and vision to-day is to keep in this country the people we have here and to add to their number. That, Sir, can be done in one way, and one way only—by giving our men and women work to do. You cannot give them that work unless you protect them against the unfair mass production of their richer and more powerful neighbours.

Let us go a step further and look at what happened with respect to our balance of trade with the United States. My hon. friend referred to the balance of trade in this country. I am getting away from the main line of my argument, but I left out something a moment ago, and my remarks must necessarily be disjointed because I did not have any time to collect information while my right hon. friend was speaking. What happened? Last year we sold to the United States $474,890,000 worth of goods, and we bought from them $609,820,000 worth. And as was pointed out in official documents issued by the government of the United States, our tariff reductions have meant an increasing demand in this country for their manufactured goods. The result is that that balance of trade adverse to us represents over $100,000,000 in money that we gave to our powerful mass-producing neighbours to the south and that we could have spent at home in making Canadian goods. Until that fact is ground into the hearts and minds of the Canadian people and they realize it—as I believe they are beginning to—and until a government sits on the treasury benches which will give effect to that principle, the movement of our people south will continue. It is bound to. It is simply the attraction of the large body for the small. The great industrial hive of Montreal is affected by it. Ontario, our foremost province industrially, has felt it as no other province has. This afternoon my friend referred to what had taken place in the city of Branford. The best answer to that is the absence from this House of the member who formerly represented the city of Brantford. I am sure my friend was wrong in what he said respecting the Cockshutt Plow Company. They are going to make a first payment on the arrears of their preferred dividends, not on their common stock. And according to the record in the Secretary of State's office the Massey-Harris Company recently underwent a recapitalization by which its 250,000 shares were converted into 125,000 preference and 125,000 common—very greatly, it is alleged, to the detriment of some of the smaller shareholders; a matter about which I express no opinion, being without any knowledge respecting it. But I think my friend must be entirely mistaken if he assumes for a moment that industrial activity in Canada is spelling any form of prosperity for those engaged in it, for reasons which I shall presently point out.

I was proceeding to discuss the question of the reduction of duty on automobiles, upon which the right hon. Prime Minister laid a great deal of stress. It is a perennial subject; it was discussed in this House last session and the session before. I ask hon. members to bear with me while I point out two or three observations that I think worthy of their attention. I ask the House for a moment to look at what transpired in the course of the debate upon this subject. I find that the same motion made last year was again moved this year, and I notice that the Minister of Finance on that occasion made some very pertinent observations. He said:

> If his statement to-night is correct it would seem that there has been some United States capital invested in the business since then. But without going into that feature, I would remind the hon. gentleman that no matter where the capital comes from, the industry gives employment to Canadian labour. There are 78 plants engaged in the manufacture of automobiles and their accessories in Canada, employing Canadian labour,

and subject to Canadian taxation, a considerable amount in taxes finding its way into the Canadian treasury.

He went further, he added:

I submit to hon. gentlemen that the automobile is a fair source from which to collect revenue.

As I said in opening it is on the eve of the budget, and the government must have revenue from some source. Demands come to the government from those who desire expenditure for new railways, the extension of existing railways, harbour improvements, bridges, grain elevators and other public works—these alternating with requests that we part with various sources of our revenue. If we are to meet our national obligations—the interest on the national debt, the pensions that we owe to our soldiers and the widows and orphans of those who will never come back, and the cost of administration, we must have revenue from some source, and if you take away the revenue we are getting from automobiles we must secure it by imposing duties upon some other commodity.

I ask my friends to the left to keep that in mind. Rejoicing though you are to-day on the reduction of the duty on automobiles, remember what the Minister of Finance said on that occasion—and he is still holding that portfolio—that if the duty on automobiles was lessened he would have to get the revenue from some other source. He is not getting it this year; he is going to fool us and get it next year. That is the position. The hon. member for Mackenzie (Mr. Campbell) in the course of some observations said that a 10 per cent reduction in duty might be reasonable on the lower priced cars, leaving the duty unchanged on the higher priced cars. Then the vote was taken on March 16, 1925. This is an interesting matter. The House, unable to get more detailed knowledge with respect to this matter, having in fact no detailed knowledge, groping in the dark, some members believing the duty too high and some believing it to be too low, and all desiring to receive further knowledge, were implored by the Minister of Finance to wait until the budget came down. That was what he pleaded for. The right hon. Prime Minister this afternoon said that the Conservative party in caucus assembled had not dared to frame a resolution with respect to automobiles. He also said that the reason the government had not proceeded with the tariff commission in advance of the budget was because they were unable to get the gentlemen they desired and therefore had to deal with the matter before it could be referred to the commission. I will tell the House why this reduction in the automobile tariff took place. It did not take place because they could not refer it to the tariff commission; it did not take place because the Progressives alone wanted it; it took place because those who supported it could not trust the Prime Minister and wait for the budget. They did that last year and were deceived, so they insisted on it this year. That is what happened, if hon. gentlemen would like to know, and I venture to say that the Minister of Finance was not any too strong on incorporating the reduction in the automobile duty into his budget without a reference to the tariff commission.

The Prime Minister referred to what took place in the Conservative caucus. So far as I know the matter was not discussed, but there are rumours which seem to be fairly well founded, in view of what happened, that those from Saskatchewan and Quebec and other parts of Canada who desired a reduction in the automobile duty said, "We will not wait for the budget; we were asked to wait last year and nothing happened; we are taking no chances this year, but we will insist upon it in the budget itself," and that is the reason it is there.

Now let us go a step further. The right hon. Prime Minister this afternoon gave as a reason for not submitting this to the tariff board the fact that he had not time to do it before the matter had to be dealt with in the budget. Let us look at the facts. I find the Minister of Finance reported in the Montreal Gazette of October 13, 1925, as having said:

We say that neither those who ask higher tariffs, nor those who ask lower tariffs should be ignored, but we do say that before ruling for or against either, a case must be made out, and proof given to a board of competent advisers. . . .

Then I find that the right hon. Prime Minister used practically the same words, only in his case he promised to have a woman on the board. He said:

If someone comes from the prairies and says we sell in a free trade market and buy in a protected market and ask for a policy of free trade, no government could do it, because it would create discontent in Ontario and Quebec. Similarly if a group of men came from these provinces and asked the government to shut out outside goods by a high protective tariff, could a government listen to that?

He says they could not do so, and then continues:

We are not a cabinet of supermen,—

That is news.

—but we can get together men who are experts. We have decided to form a board to consider all tariff schedules, and to call for advice to the board representatives of manufacturing, of commerce, of agriculture, of labour, and also of the women, so that the homes would be dealt with fairly. We will consider the tariff with the advice of this board.

That is what the Prime Minister said when seeking the support of the electors of this country. Then again, speaking in Montreal, he said:

The government believed that since many technical matters were involved it was well that there should be formed a body composed of the experts in the government's service, with an advisory board of representatives of the various interests, and including a woman, who would study tariff matters, and whose recommendations would be brought to the study of the cabinet. He did not believe the government should seek to be arbitrary or be governed by dogma in such a matter.

In the city of Quebec he repeated the same thing.

That board would be above partisan appeal or sectional interest. It would study the situation on its merits and its recommendations would be made to parliament direct. . . .

Then further:

It was his intention also to see that a woman was named because he thought it only meet and proper that the growing importance of women's interests in the life and work of the nation should be given the recognition it deserved.

I could read more of the same thing but, Mr. Speaker, as in many other matters of this character, the Prime Minister has seen fit to forget his promises and has remembered only the power which he has attained by making these pledges and then repudiating them.

There was a distinct promise to the electors of this country that there would be a tariff board. The Conservative party promised the same thing in the speech made by my right hon. leader in 1925. Not only was a tariff commission promised, but one in which the evidence would be open to the public, in order that the public might have the fullest information with respect to changes in the tariff. That was the promise given by the Conservative party. We realize, as every man in this House must realize, how difficult it is to understand fully the complex operations of the tariff, and to come to an adequate and proper conclusion with respect to how far-reaching its ramifications may be. For instance, during the recent election I told the electors of the constituency in which I live, that, in my private opinion, the tariff on automobiles was higher than it should be, but I said I did not pretend to be able to speak with authority because I had not the requisite or necessary knowledge. But I said I knew that the party to which I belong had pledged itself, if returned to power, to obtain the appointment of a board to receive the evidence and place it before parliament in order that its recommendations might be understood fully in the light of all the evidence adduced, and in order that parliament might arrive at proper conclusions. What happened? The people realized that that was so; they believed the statements made by this government when they said that was what they proposed to do. This government promised the tariff board before parliament met, and when parliament assembled the Speech from the Throne indicated that a tariff board would be appointed.

This afternoon my hon. friend pointed out that the words "not before" were used in the amendment, but I point out to him that the Speech from the Throne contains stronger words than those. It says that changes in the tariff should be made "only" after the fullest examination of their bearing upon both primary and manufacturing industries, and that representations requesting increase or decrease of duties should be made the subject of the most careful investigation and report by a body possessing the qualifications to advise the ministry with respect thereto. "A tariff advisory board will accordingly be appointed forthwith." You will notice that it says "only"—

Mr. MACKENZIE KING: After investigation.

Mr. BENNETT: Surely, by an advisory board. That investigation has not been made because the board was not appointed, it is said, in time to conduct it.

Now let us go a step further. Surely my right hon. friend knows that in the United States there exists a similar advisory board. He also knows that when the first tariff was passed after the Republican party last came into power a duty of 30 cents was imposed against Canadian wheat. Then, when the new tariff was prepared, the duty was increased to 35 cents, and the farmers of the western states said it was not high enough. What happened? An investigation was held in Alberta, Saskatchewan and Manitoba, and as a result of that investigation the President increased the duty to 42 cents. There was no necessity to call congress together to do that. I wonder if anyone in this House thinks for a moment, or if this country will be deluded into the belief, that this government could not have passed legislation to reduce the duty on automobiles without calling parliament? Is anyone fooled by that sort of cant, or deluded by that talk? What was done when we reduced the duty on wheat? An order in council was passed reducing the duty on American wheat, and automatically our wheat went there free. How is it done in England? After an investigation has been made it is carried out by parliament in some instances, and in others it is not. This country could have passed legislation by which power would have been given the Governor in Council to reduce the duty on automobiles if the investigation held by the advisory board so warranted. That is the position.

Mr. ROBB: Will my hon. friend say that under the order in council affecting the duties on wheat, passed by the previous government, there was no Canadian wheat shipped into the United States?

Mr. BENNETT: Why, no. What I am saying is that under the War Measures Act at that time we passed an order in council the effect of which was to let wheat come into this country from the United States free, and as a result of a reciprocal arrangement ours went in there free.

Mr. ROBB: I am asking my hon. friend if any Canadian wheat went into the United States, or if any United States wheat came in here?

Mr. BENNETT: No United States wheat came in here so far as I know, but some of ours went in there, in the vicinity of $10,000,000 worth. I am pointing out to my friend that surely this parliament could devise legislation to provide for a reduction in the duty on automobiles if the investigation warranted, and no member of this House should be put in the invidious position of being called upon, without adequate investigation, to arrive at a conclusion on a question of such serious moment to the people of this country.

Mr. ROBB: Let us be clear. If during the interval after prorogation, between now and the next parliament, the tariff board should recommend to the government that we reduce the duty on cotton, would my hon. friend endorse that proposition?

Mr. BENNETT: Not unless the legislation so provides. I pointed out that existing legislation does not confer that power upon the Governor in Council, and my hon. friend chose cottons in order that he might strike terror, I suppose, into the heart of some people whom he is very anxious to placate, and has always been very desirous of doing so. It is something he understands fairly well. It was very astute of him to suggest cottons, but I do not think it will have the desired effect. If this parliament so desires, it can do what has been done in the United States. I have the statute under my hand. The Governor in Council could be clothed with the same powers as the president of the United States, and upon a report made to the Governor in Council, upon the evidence being submitted, the government could either increase or reduce the duties if they so desired. That is the point I desired to make, and I desire to make it abundantly clear that any excuse given for breach of faith, for breaking a solemn promise made by the representative of the sovereign in this country, is wholly without warrant and without merit in view of the use of the word "only."

Mr. ROBB: Does my hon. friend advocate that we should follow that policy?

Mr. BENNETT: My right hon. friend this afternoon said that we were simply raising a matter of precedure. That reminds me of the story of the Irishman who was condemned to death, that being the penalty fixed by the statute for his offence, and he complained that he was being hanged merely as a matter of form. I am not advocating any course. I am giving the answer which must be in the mind of every man to the paltry excuse given by the Prime Minister, that we could not have this board function because it was not appointed in time. Anybody knows that if the necessary legislation had been desired, the thing could have and would have been done; the legislation could have been passed.

Mr. YOUNG (Saskatoon): Does the hon. member, or does the Conservative party advocate that such legislation be passed?

Mr. BENNETT: I have pointed out to the Minister of Finance that it was not the function of an opposition, in answering the statement made by the Prime Minister, in answering the excuse he gave—which was absolutely without merit—for not referring this matter to a tariff board, to state what one would do. But I say this: If the Conservative government had been in power, it would have neither increased nor reduced the duties without first referring the matter to the tariff commission as had been promised.

I put this to the hon. member for Brandon (Mr. Forke). He has farmers in his constituency upon whose homes mortgages are being foreclosed, I am sorry to say. That is going on in the provinces of Alberta and Saskatchewan. If the mortgagee made a promise by which he said, "I will not foreclose your mortgage until next year. I will leave the matter in abeyance until then, and will not take any proceedings in the meantime," and then all of a sudden he violates his solemn word, goes to the judge, gets an order against the mortgagor and takes possession of the farm, what would you think of him? By a series of subterfuges, and by the use of language for disguising thought, you may endeavour to make the Canadian people believe that you made no promise to them, but in the Speech from the Throne you said that these changes should take place "only" after the fullest examination by this new advisory board. In the most solemn way known to our institutions you made that

promise to the people of this country, and in the face of that promise you have violated your pledged word and introduced a measure for reducing the duties without the question having first been heard by the tariff board at all. You may argue as much as you like, but stripped of everything, the cold facts are there and speak for themselves. Then you go about and endeavour to arouse the passions of the people by making them believe that these rich manufacturers are profiting at their expense, that the people are being exploited. You do that in order to make them forget the main issue, in order to make them forget the broken word, the broken faith, the broken promise, and remember only the material benefits. Since when was honour to be sold for dollars?

Let me quote to you, Sir, a word from the hon. member for North Waterloo (Mr. Euler), who is good enough to listen to me. This is what he said in the town of Waterloo as reported in his own paper on the 26th of September last:

> I voted against the government on the budget of last year, not because of any great injury from the slight reductions in tariff (for no industry in Kitchener or Waterloo was injured), but because I did not like the adoption of a policy of haphazard changes.

Those words I commend to my hon. friend the Minister of Finance and to this government. I ask the Minister of Finance now, on what considerations, on what investigation, in view of the promise given in the Speech from the Throne, did he arrive at the conclusion he has stated? The great Gladstone—and whatever else may be said this at least has always been true, that the expositions of financial matters by Mr. Gladstone are still treated as models upon which Chancellors of the Exchequer pattern their deliverances—had something to say about public sentiment in a speech he made in 1860. My hon. friend the Minister of Finance, in moving the new automobile duties referred to public sentiment, and I desire particularly to direct attention to the exact words he used in that regard, because they are all important. He said:

> There is a pronounced sentiment in this country in favour of a reduction in automobile duties.

An hon. MEMBER: So there was.

Mr. BENNETT: Assume there was. Is it a government at all that yields to sentiment? Such a one is not worthy of the name of government. Listen to the words of Mr. Gladstone when delivering his great budget proposals in 1860, when he proposed to reduce the income tax:

> For that public feeling we have not only respect, but sympathy; while we do not admit that it is our duty, as persons charged with the conduct of public affairs, to shape our measures according to any feeling or sentiment whatever, until we have examined the practical form which they are to take, and tried it in the best light of our understanding.

I commend that to the Minister of Finance. I saw many thousands, at least two thousand men and women, gather in front of this parliament building. The practical operation of these tariff changes so filled them with fear of the ultimate result upon their lives, in their homes and in their factories, that they journeyed to this city to present to the government their case. This government heard them, gave them fair words, and they departed. Since then we know that a great effort has been made in many sections of this country to induce the government to reconsider its proposals. It has been said that the government does not propose to do so. I recall history again. Mr. Disraeli pointed out to the farmers of England, to the country squires, that Mr. Peel was getting ready to let them down. Now, in the case of agricultural implements in Canada, remember what happened. The government was adamant. Mr. Bradshaw and Mr. Massey pointed out the ruin that confronted them. No change resulted, but finally, not directly but by removal of the sales tax, by making free the materials that enter into the construction of the machines, the government gave them a higher protection than they had heretofore enjoyed, and they are more prosperous by reason of it than they were before. I ask hon. gentlemen to my left who cheered so lustily when the reduction of the duty on automobiles was announced to pause and ask themselves whether or not they will be once more the victims of deception.

Mr. EVANS: Will the hon. gentleman permit me to ask him a question?

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Certainly.

Mr. EVANS: I was going to ask the hon. gentleman a question. I see nothing to laugh at.

An hon. MEMBER: You are so funny.

Mr. EVANS: Does the hon. gentleman know that this question was discussed in this House at the last session of parliament, and that it passed by the aid of his own party seeing that six hon. members in their ranks voted for it?

Mr. BENNETT: My hon. friend the member for Rosetown has not appreciated the question. I pointed out that because of the lack of definite information—obtained only through the methods the government sug-

gested and the opposition had also suggested —as to the effect of the operation of the removal of the tariff on automobiles or its reduction, that hon. members voted in accordance with their views without the information that might be forthcoming. I also pointed out that a promise was given by the government in the Speech from the Throne that this reduction would not be made until after investigation. In violation of that promise, and in breach of the plighted word of this country as represented by the government, the reduction has been made without an investigation. I say further that in private life no man would for a moment tolerate such conduct.

Yesterday I was in New York and picking up one of the newspapers there I read that a great statesman of that country was endeavouring to define national honour. He said that national honour consisted in having the same regard for the obligations of the nation that you have in private life as man to man. I ask: Is there a man in this House who, having given a promise such as that contained in the Speech from the Throne, would dare break that solemn promise and call himself a gentleman of honour? Is a pledge given by this government to stand on no higher ground that a scrap of paper or the treaty of Belgium? Let us look this thing fairly in the eye. Is there one standard of honour for individuals and another standard for the nation? The Prime Minister pointed out the other day that he had a duty as leader of this House—not as leader of the government but as leader of the House—representing, as he did, for the moment, the people of Canada. I ask you, Mr. Speaker, would the Minister of Finance in the conduct of his business stoop to such conduct as that?

An hon. MEMBER: Never.

Mr. BENNETT: Of course he would not, and yet this nation is asked to do it—not the government but the nation. Because for the moment hon. gentlemen opposite represent the nation. So do hon. gentlemen farther down, and hon. gentlemen to my left; they represent the nation. Because, under our parliamentary system, where you have a majority gathered together for the moment, that constitutes the nation, just as the Prime Minister said the other day. And the right hon. gentleman is leader of the nation for the moment, and notwithstanding the lofty attitude that he adopts with respect to unity and national honour, he asks this country to break its plighted word, to repudiate its promise; he asks this nation to become known amongst the nations of the world as a nation of repudiators. Some men may hold the honour of their country too lightly, but there are others who in their homes will solemnly consider this matter, because after all there is a conscience in the nation, although sometimes people may think there is none. Since 1921 there has been little conscience in the Dominion of Canada. Why? Because government has ceased to be an organized institution for the benefit of the people. Government has become a machine by which appeals are being made from day to day, from group to group, and class to class to enable hon. gentlemen opposite to maintain themselves in power. Some there are in this country, thoughtful men, who from day to day, in pulpit and on platform, are pointing out the loss of national honour that is going on. That situation arises because of the fact that government in Canada to-day consists only of men who are making appeals to classes, to groups, and to individuals in order to enable them to get a majority to carry on and to hold on. What is more, that is openly admitted. Such being the case where are my hon. friends who preach higher standards of morality? Where are the many hon. gentlemen who, sometimes in the pulpit, denounce the existing conditions of this country? I ask again where are they? Where are my hon. friends with this vaunted regard for political honour that comes with their advent into the body politic? Where is the national honour to-night? Trampled in the dust.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Hon. gentlemen need not laugh. I put this question to them: If the bank that took a three months' note from you and lent you a thousand dollars on it the next day said. "We are going to sue you because we have changed our minds; we are going to make this a day note instead of a three months' note," what would you think of such conduct? Might is right, that is the theory, the old Prussian theory. When we have a majority a pledge is a scrap of paper. Might controls the situation; let us do as we please in this matter regardless of our promises. Hon. gentlemen opposite have pledged their solemn word. The pledge is there, they cannot change it. But the word that under our institutions was placed in the mouth of the representative of the sovereign counts for nothing. That representative must now be told that it was all camouflage, that it meant nothing, that it was just a play on words. That is all.

I have here a little information that I am sure would be exceedingly interesting at least to some hon. members. I notice, for instance, that the reduction of the duty upon automobiles is going to be greatly to the benefit of this country, just as was the reduction in the duty on agricultural implements. The argument advanced this afternoon was this: Reduce the duties and you get more people at work. The country is more prosperous and everyone is happy. My hon. friend from North Waterloo (Mr. Euler) said he is against that sort of thing because it is a haphazard way of proceeding. I hope he has not changed his mind. Now let us see what the argument was this afternoon. It was that because in the case of agricultural implements you have alleged benefits, therefore in the case of motor cars you will have similar results. That is the argument, that or nothing. Well, if it means anything at all it means that this House is going to take the sales tax off automobiles and let all the raw material come in free. If it does not mean that it does not mean anything. Now let us know what has happened. There was a gentleman

11 p.m.

named Clifford who once sat in this House, and he came from Oshawa. He visited Ottawa last week. He went back home and gave an interview to the press and what did he say? This is what he said, and his statements appear between quotation marks:

L. O. Clifford, former M.P. for Ontario who has just returned from Ottawa, where he went for a special conference with Rt. Hon. Mackenzie King, Prime Minister, states that he had a long talk with the Premier and has the assurance "that Oshawa will be looked after".

"You can go back to Oshawa, and tell the manufacturers to keep their industries going," Premier King told Clifford, "You may tell the people that their interests will be looked after."

Mr. MACKENZIE KING: What date is that?

Mr. BENNETT: The date given is May 17th. He was here last week.

Mr. MACKENZIE KING: I may say that I have not spoken to Mr. Clifford for a week or more. I shook hands with him the other day when he came into my office with some other gentleman, but I never discussed the question of automobiles with him.

Mr. BENNETT: I did not say it was on that occasion. Do not be hair splitting. Mr. Clifford says he came up to have an interview; that he had one, and that the Prime Minister told him that Oshawa would be looked after. He said:

You may tell the people that their interests will be looked after and the manufacturers can keep their industries going.

Mr. MACKENZIE KING: I think I told him to go back and read the nineteenth chapter of the Acts of the Apostles.

Mr. BENNETT: I am so glad to see that my right hon. friend has become scriptural, because I think he will have to do much reading of scripture before he will find justification for putting in the mouth of His Excellency a statement which in a few weeks is repudiated. I think there is a statement somewhere in the Bible—it may not be in the Acts of the Apostles—that by their fruits ye shall know them.

An hon. MEMBER: Something about Judas?

Mr. BENNETT: Not for a moment would I suggest him. Judas was a man of great capacity. I desire to point out that since the reduction in the tariff has taken place there have been nine bankruptcies in Oshawa and a prominent lawyer in that city tells me that during the twenty years he has practised there he has not known so much depression. It does not end there. We find from a great American newspaper the net result of this upon the community:

Buick Gets Canadian Order as Result of Reduction in Tariff

The first direct result in the automobile industry from the reduction in the Canadian automobile tariff was reported by the Buick Motor Company, a division of general motors, in the nature of an order for immediate shipment of 50 Buick automobiles to McLaughlin Motor Car Company at Montreal.

H. H. Bassett, president and general manager of the Buick company, in making public the information, stated that this is the first order for a finished car ever received from Canada by the Buick company.

The new cars, Mr. Bassett said, provided the opening to establish a substantial business for American automobile manufacturers in the Dominion of Canada.

In other words for the first time, by reason of this tariff which was not considered by the government in the manner promised, you have completed automobiles imported into the country, and that means just that much less work for Canadians. I do not mean that it is the first time completed automobiles were imported into Canada, but the first time completed automobiles ordered by the manufacturers of cars in Canada were imported into Canada—that is, distinguished from cars in a partly manufactured condition. What does it mean? It means that without regard to promises, with wholly inefficient and inadequate information, without regard to the subsidiary or allied companies, a tariff is placed upon the statute book lower than would have satisfied the hon. member for Mackenzie (Mr. Campbell) or lower than the hon. member for Macleod (Mr. Coote) was willing to suggest should be imposed, or lower than the

Minister of Finance was prepared to suggest. In order to make what would be a popular budget, you have repudiated your promise and put under your foot the Speech from the Throne as though it were a piece of paper. That is my view. I have always advocated that these whole problems should be studied and the duties revised as the facts warranted, and upon that I now stand.

Mr. ROBB: May I ask a question?

Mr. BENNETT: Yes.

Mr. ROBB: The hon. gentleman just stated that fifty Buick automobiles had come into Canada. The duty on these cars would be 27½ per cent under the reduction. Does he think that duty is too low?

Mr. BENNETT: All I know is that any duty which gives an unfair advantage over Canadians to the great people to the south of us is a duty which is not sufficient. By that I am prepared to be judged from one end of the country to the other. Any duty that sacrifices Canadians for foreigners, whoever they are, is not an adequate duty, because it does not safeguard Canadian industry, it simply leaves Canadians to become hewers of wood and drawers of water for our neighbours to the south.

An hon. MEMBER: Does the hon. member advocate a prohibitive tariff?

Mr. BENNETT: Yesterday I observed an advertisement of the Dodge Motors in New York. They have reduced the price of Motors, and they point out how they are able to do it: they state that it was by increasing production, thereby lessening the unit cost. That is the whole story. This country can never become a competitor of our great mass-producing neighbours to the south until we realize that essential fact. My hon. friend asked me if I wanted a prohibitive tariff, and my answer is that I want a tariff that will enable the Canadian manufacturer to go on producing his goods cheaper every year by reason of increased volume of production. For example, we have a repair shop in Calgary, and the overhead is say $6,000 a year or $500 a month. If they repair 500 cars per month it costs $1 a car, but if they repair 1,000 cars it is only 50 cents a car. If we can increase production by preventing competitors from coming in, we will reduce the cost by decreasing the unit cost and in that way we benefit the consumer. There are times when it is more. This party realized that, and they placed in the resolution a provision that if the tariff were taken advantage of for the purpose of exploitation, then the government of the day would, by excise or other forms of taxation, protect the consumer from such exploitation by the manufacturer, not only with respect to the effect on a particular industry, but with respect to the effect on others. With respect to that matter I have not the knowledge to speak with authority, neither have hon. members opposite; but I do know the effect on allied industries, the industry, for instance, that produces the articles that go into the manufacture. If you go into the pages of history, and if you recall the speech of the hon. member for Ontario (Mr. Kaiser) and consider the industries that are affected, producing the component parts of the motor industry, you will understand that the tariff is a structure. If you strike out one brick you may impair the whole foundation of the whole wall, and if the wall is impaired what becomes of it? It is not the tariff on automobiles we are concerned about; it is the effect upon the industrial life of the country and upon the industries involved, the increase of unemployment, the destruction of investment of capital in Canada in any industrial enterprise. Men are already inquiring, what do we get next? I suppose that is the reason the Minister of Finance suggested cottons, in order that those interested in this industry shall keep quiet and not make observations, because they may be struck next. Who is to be struck next? Is it the furniture or the boot and shoe manufacturers? Which is it to be? Is it the artificial silk industry? I put these questions to the House because the destruction of these subsidiary interests in the manner indicated is something no Canadian can look at without having the greatest apprehension as to what the result will be.

My right hon. friend has referred to the income tax reduction, and I shall make just half a dozen observations on that score before I conclude. I say without any hesitation whatever that the income tax reductions, of which the government has been making so much, are more apparent than real; they are not reductions at all. I do not suppose that any greater bluff was ever worked upon a people. The illustrations given this afternoon by the Prime Minister had reference to incomes earned or incomes treated as though they were earned. Mr. Gladstone once remarked that there were two classes of incomes, one, the lazy income and the other the income derived from skill, enterprise, brains and the salary that one was able to command by reason of ability and acumen. The schedule which the Minister of Finance read to the House a few weeks ago is one in which

every dollar of income was put upon a basis of salary or earned income. My right hon. friend will remember that before the amendments were passed at all salaries were taxed to the fullest extent. Now, what has happened? Earned incomes and incomes from investments are all on the same level and the only man who is hit by this tariff is the man who invests his money in a Canadian industrial enterprise. Does the Prime Minister realize just what that signifies? Let us take an illustration. Before the statute was passed, the man who had money invested in American securities had to pay the full amount on his income, just as the salaried man was obliged to do. But if anyone had shares in a Canadian industrial enterprise he was relieved of the normal tax; and this on the old principle of taxation, that the same government should not tax twice the same piece of money. Under the present proposal if a company has $25,000 available for dividends the government takes 9 per cent or $2,250, and that leaves $22,250 for distribution among the shareholders. That money goes into the hands of the shareholders and is taxed on the same basis as the American income or any income that may come from England or Germany. Let us bear that in mind. Now what is the government discriminating against in this connection? It is discriminating against money derived from Canadian industry, so that the $2,250 of taxation which the company I have just suggested by way of illustration has to pay to the government, does not represent the full extent of the tax which is levied on that money inasmuch as every one of the shareholders must pay his private tax. In other words, that $25,000 pays at the rate of 9 per cent and perhaps 10 per cent more in the hands of the shareholders. Why should the government place such a handicap on Canadian industry? Do hon. gentlemen opposite think that any man would be inclined to invest money in industry in Canada under such circumstances? Yesterday a banker of international reputation said to me, "Mr. Bennett, that is certainly a fine budget which your government has introduced. It will be the means of sending a lot of money to New York for investment." Of course it will, and for three reasons: first, because the return on American investments is larger than on investments made in Canada; secondly, because the investments are more liquid and marketable; and thirdly, because of the assurance and stability due to the tariff policy in force in the United States. What, on the other hand, have we in this country? If a man invests money in industry here he is taxed to such an extent as to be altogether discouraged from leaving his investment in that industry or adding to it. First of all the government taxes the corporation 9 per cent. Now it is true that in the United States the tax is 13 per cent, but we must remember that the shareholders there are free from the normal tax. The company having been once taxed, the government there considers that it would be eminently unfair to tax the individual shareholder a second time on the same money. But we have abandoned that sound principle. As a matter of fact, Mr. Speaker, this is a rich man's budget. Look at the schedule. The man with an income of $250,000 pays nearly fifty thousand dollars less than under the old act; the man with an income of half a million pays over $100,000 less and the man with a very much larger income pays some quarter of a million dollars less than before. But if an individual who has put by some money invests it in a Canadian enterprise yielding 7 per cent he will pay full tax on that $70 income from the thousand dollars of his investment, as he will not be free from the normal tax. The budget is a discrimination against incomes earned from Canadian securities. I could give the names of men and women to-day who have been realizing on Canadian securities and who are now withdrawing their investments and sending their money to the United States, to Great Britain and to France. To-day there is a steady stream of money going to the brokers of Wall street from Canada. It is estimated that as large a sum as $75,000,000 of Canadian money has been invested in government securities of Chile, Argentine, Italy and other countries. This, Mr. Speaker, is not a simple matter. It is one that strikes at the foundation of our whole industrial development, for if capital is to be twice taxed we shall find that people will refuse to invest in Canadian enterprises. I say, therefore, that instead of being a prosperity budget this budget is calculated to turn class against class. The government will go to the country and say, "Look at what we have done for the poor man." Well, I know of poor men who have saved money which they have invested in industry, and those men will suffer in consequence of this budget. During the last few years there has been considerable thrift in Canada and men have invested in industrial enterprises, drawing 6 or 7 per cent on preferred shares. Now their income will no longer be free from the normal tax, and inevitably they will withdraw that money and invest it in the United States

where they will enjoy the protection of a stable tariff and other advantages to which I have referred.

There is one other matter which I desire to mention and which arises out of the observations made with respect to the motion of the leader of the opposition (Mr. Meighen) regarding the tariff board and the question of protection. It was said by the leader of the government that my right hon. leader did not introduce his resolution into this House although he might have done so at any time before the budget was brought down. Let me read from the speech of the leader of the opposition:

> It is a matter of regret to me, Mr. Speaker, that I am compelled to move this resolution, which has stood upon the order paper since the opening of the session, in the form of an amendment instead of as a substantive motion. On private members' days, which, under the rules, were alone open to me for this purpose, the order never was reached except at so late an hour of night as to render it impracticable to have it moved and discussed, and the government saw fit to decline to give any special preference to the motion or to fix a day for its discussion as a substantive motion. That it now becomes an amendment to supply and on that account is open to the government to be accepted as a motion of want of confidence, is no choice of mine; it is the only alternative left. I avail myself of that alternative and shall present the reasons why I think the motion should be adopted, why at all events, if it cannot appeal to this House, it should appeal to the people of Canada.

Mr. MACKENZIE KING: Was not the leader of the opposition perfectly free to move the resolution as an amendment to the budget had he so desired?

Mr. BENNETT: Only one amendment can be moved to the budget and the motion of the leader of the opposition embodied some matters that could not very well have been introduced in such an amendment. Surely the leader of the government must have overlooked for the moment the fact that the government declined to afford the leader of the opposition facilities to move his motion. There are gentlemen in this House who know that what I say is true.

Mr. MACKENZIE KING: The order was called on different occasions.

Mr. MANION: At eleven o'clock at night.

Mr. BENNETT: It was called too late for discussion. Let me ask the Prime Minister this question: Did the leader of the opposition ask, or did he not, for facilities to move his motion, and were those facilities refused or not?

Now I have spoken at intolerable length, Mr. Speaker, but the leader of the government traversed so much ground that it was necessary that some at least of the matters that he touched upon should be dealt with. My right hon. friend suggested that the amendment does not embody the faith of the Conservative party in the principles which it espouses. The Conservative party has espoused and I believe, will continue to espouse under the leadership of the right hon. gentleman who leads it the principle of protection for industries, for agriculture, for mining, in fact for every branch of Canadian life. The Conservative party believes in it not as an expedient but as a principle. It does not believe in it merely for the purpose of getting into power, and would rather be out of power and see the principle maintained than derive power at the sacrifice of that principle.

The greatest of the problems of this Dominion which call for solution is the problem of the loss of our people. Side by side with that problem goes the problem of taxation. When the hon. gentleman talks about the remission of taxation, I would point out to him that the Minister of Finance to-day has remitted practically the same burden of taxation that he imposed. The income tax in the United States will be wiped out in three years. In 1853 Gladstone laid down his plan by which the income tax was to be entirely removed by 1860. It was first imposed by Pitt, then suspended for a time, and afterwards reimposed. Gladstone said that it was an instrument to be used sparingly because it was a safeguard to be relied upon in times of great national difficulty.

The right hon. gentleman who leads the House said this afternoon that parliament had not made adequate provision to deal with the war expenses as the war proceeded, and he read certain figures that would indicate we did not exact from the people by taxation the amount of money that we should have exacted. Yet if he will turn to the Public Accounts he will find the sums of money raised by ordinary taxation during the conduct of the war amounted to hundreds of millions of dollars. Sir Thomas White, who was then Minister of Finance discussed frankly with the House these problems in their entirety. He stated that he was endeavouring during the war to lay the foundations of some form of prosperity that would enable the people to bear the additional burdens imposed upon them by the war in the way of annual taxation, at the same time exacting from them the maximum burden of taxation from day to day. It is true tax exempt bonds were issued. They were also issued in England and in the United States. This was done by the Canadian gov-

ernment because the effort made by us was so astounding, so vast and so successful that no chance could be taken of wrecking our credit by emitting securities that would not be absorbed.

When Gladstone brought down his budget in 1865 I find the entire national revenue of Great Britain was about $350,000,000 or £70,000,000, and at that time its population was only about 30,000,000. Now when we consider that Canada is raising every year as vast a sum as that, with a population of only 9,000,000, we must realize that we are a people of great courage and great enterprise. To that extent I agree with the Prime Minister. I know of no man on this side of the House that either consciously or unconsciously ever said a word against the greatness of this country. Its achievements have been the finest of any country in the history of the world. But there can be no doubt that we are drifting, drifting, drifting. If we point out that its national existence will cease if we continue upon this course, if we point out that history affords us a sure chart by which to steer our course, we do it because we realize that in the experience of men of the same civilization there is to be found the best chart, and the best beacon by which to guide our course. We know that wherever men are gathered together, wherever nations are speaking through their representative institutions in a desire to increase their prosperity and foster the greatness of their country, they have recourse to legislation to protect their people from the inroads of those who from various reasons are able to undermine their industrial life. Why amongst all the nations of the world should we be the only people who do not believe in and practise the principle of protection? Are we wiser? When I hear the Minister of Finance or the Prime Minister himself proclaim a doctrine at variance with the doctrine that is influencing the conduct of other nations, I say to myself: Are these supermen or not? They tell me they are not. Then I ask them this question: Why should we not in the light of reason be guided by the experience of hundreds of millions of other people of the world? The war of commerce is with us, night and day, in season and out of season it is being waged pitilessly against this country. The great people to the south are seeking to capture our market which their mass production makes possible for them, unless by measures national in their character and protective in their essence, we do something to safeguard the industrial life of this country. Unless and until we do that we cannot keep our population. We can adopt immigration policies and bring people here from other lands, only to see them slowly trickle down to the great republic to the south, only to see our best men and women leave us because there is no work for them at home. We know in the light of history, in the light of experience and in the light of knowledge that comes to us from reading and from observation that there is one way, and one way only, by which to make this country great—that is to develop our resources by our own people, and so give them increased employment. When we depart from that policy we are on shifting sands, we are following false lights, and shipwreck is inevitable.

The amendment for which we are ready to vote as a united party means protection for our agricultural, our mining and our industrial life. That is, the amendment is based upon the maintenance of good faith and honest dealing. I will watch with interest, as the nation will watch, the men who make loud their protestations in the market places of higher political morality than those who oppose them, stand in their places this night and vote for national dishonour, the repudiation of our promises and the disregard of our plighted word given in the most serious and most solemn way that a nation can speak. Our contentions may be laughed at, jeered at, treated as a joke. But when we find the national life of this country being sapped and destroyed, when we find political morality no longer the watchword of contending parties, but merely the spoils of office, perhaps—perhaps the people of Canada will look back upon this night and think of the men who have violated those professions and stamped dishonour on the national life of this young Dominion.

Mr. HENRI BOURASSA (Labelle): Mr. Speaker, undoubtedly it is cruel to tax the attention of the House at this hour of the night and after this protracted debate. I would certainly much prefer to avoid adding any observations; but in justice to the electors who have sent me here and to a certain category of people in the province of Quebec and elsewhere, whose views I think I fairly represent, I have a few things to say with regard to the budget which do not entirely coincide with the views expressed on either side of the House. I will endeavour to confine myself to those.

On the trade returns presented by the Minister of Finance (Mr. Robb) and so eloquently dwelt upon this afternoon by the Prime Minister (Mr. Mackenzie King), I need not insist. These figures are satisfactory in them-

selves; but, on the other hand, the experience of the world and economic evolutions have demonstrated that an increase in trade is not always and under all circumstances an indication of standing prosperity. Increase in trade, either in imports or exports, may mean much or little, or very different things. Increases in imports may mean a decrease in home production or an increase in purchasing power. Increases in exports may indicate a decrease of purchasing power, a decrease in home consumption, or an increase in the foreign debt which is met by merchandise instead of by money. A favourable balance of trade has been many times discussed from various viewpoints. I will not indulge in any theorising on the matter, but I think I express the view of those people who are not particularly interested in the success of one party or the other by saying that the trade situation of the country is fairly satisfactory. It offers an indication of a safe recuperation from the crisis through which we, with the rest of the world, passed during and after the war. It certainly does not warrant the wailings of the Conservative party, expressed previous to the election, during the electoral campaign and since. On the other hand it cannot be ignored that there is still uneasiness in the country and a disquietude in many spheres of our economic life. The emigration of our population to the United States is still going on, not to the same degree as in years past, but sufficiently to engage the attention of the government and of all people having the welfare of Canada at heart.

As to the primary cause of that situation, to confine it to a fiscal policy which, after all, has been practically the same for the last fifty years is, to my mind, disregarding the real facts of the case. The deeper and more permanent cause of that uneasiness, of that disquietude and emigration to the United States is to be found in our war follies, and this cannot be too much insisted upon in order that future generations may learn by the past. We should be thankful to the Prime Minister for having put his finger this afternoon on that element of the situation. What has been the main cause of the depopulation of our rural districts and the concentration of our people in the large industrial centres, and the volume of unemployment, at times larger and at times smaller, but always a problem since the war? It lays in the war itself, or rather in the exaggerated part we took in it. The enlistment of soldiers took away most of the able-bodied men from the farm and from industry in order to make them destroyers of life, destroyers of wealth and destroyers of economic balance, instead of keeping them in this country to work for our future generations. Whether we did right or wrong I am not discussing at the moment, but I think we should acknowledge this fact. A further cause of the rural exodus was the building up of those temporary war industries which offered abnormal wages to young people who had no particular propensities for trade or for industry. It brought them to the cities, young women as well as young men, disgusted them with rural life; so that when the war was over and these industries closed, they did not go back to the land. They impoverished the rural part of Canada and kept up the volume of unemployment in the cities to an abnormal degree.

With regard to the balance of wealth, the hon. member for St. Lawrence-St. George (Mr. Cahan) once quite rightly said on a public platform in Montreal, that while, on the whole, the war had not impoverished Canada, it had displaced wealth. Anything that tends to disturb the economic balance of a country does not make for the good of that particular country. You may have the same amount of money in the country, either deposited in banks, invested in industry, or employed in various ways, but if the apportionment of that amount, represented either by liquid money or by values invested in farming or industry, is not fairly balanced among the masses of the people, you have a poorer country than if you had less money better apportioned. That has been another result of the war.

Then there was created a derangement in the industrial life of Canada. I think it was the hon. member for West York (Sir Henry Drayton) who mentioned the other day a certain industry which, before the war, made carriage wheels. During the war it was transformed into a munition factory, and, following the war, turned into something else. What does that mean? Does it mean the putting of capital into an industry for the purpose of developing that industry normally? No; on the contrary, it means useless expenditure; it disturbs the industry, its machinery, its labour, and creates uneasiness.

Then, during the war fever and the period of folly which followed, our people fell into habits of extravagance, in the domestic life, in industrial pursuits, in trade enterprises and in the works and expenditures carried on by public bodies, manifesting itself to-day in the abnormal taxation. That is not only on account of the direct expenditures of the war but also results from the indirect expenditure grafted, so to speak, upon the war debt and inflated by the war spirit. It means an increase in the cost of living, an increase in

the burdens, public and private, of the mass of the people, and therefore it means difficulty, uneasiness and emigration.

The hon. member for West Calgary (Mr. Bennett) has spoken of the 500,000 people who have gone to the United States from Canada, and he attributed that exodus to the fiscal policy of this government. He said the only way to call back those people was to confirm a policy of protection. Is protection really the remedy to all our evils? How can it be applied, and to what degree should it be applied? Let us for a moment consider protection, first as a means of fostering industrial activity, and then as a mode of taxation.

I was somewhat amused, and felt somewhat like Rip Van Winkle in listening to this long debate on the respective merits of free trade and protection. It carried me back to my boyhood days. When I first entered political life, I was sent as a delegate from my present constituency to the great Liberal convention held in Ottawa in 1893. The byword of the Liberal party then was that there should be no rest till the last vestige of protection had been destroyed; on that cry the elections of 1896 were carried and won; but, as was explained afterwards, while the rank and file of the Liberals crusaded against protection, the leaders made arrangements with the parties interested in protection, so that there was not much change.

Since then the fiscal policy of Canada has been about the same. In spite of the loud declamations in favour of protection, on the one hand, and the denunciations of protection, on the other, practically we have had the same fiscal policy in this country for the last fifty years. Now, is that policy good or bad? I am beginning to feel somewhat disquieted and, I must say, a little disgusted at hearing always quoted the example of England, on the one hand, as proof that we should adopt free trade, and that of the United States on the other, as evidence that we should go in for a stiff protection. Canada is not England nor is it the United States. For the short time of my life in which I believed in the creed of free trade, even then I had already the habit of trying to understand what I said, which brought me many difficulties in my political life. So I began to study the question. I read Cobden, Adam Smith, Frederic Bastiat, Molinari, and other authorities, and I became convinced that free trade was a great theory. But then, I also had another habit, which I have cultivated, of looking to the applications of theory; and to my great surprise I found out that free trade.—or rather the policy of free importations, because free trade never existed—produced, in England, economically and socially, the same results which high protection produced in the United States: concentration of wealth, depopulation of the rural districts, industrialization of the country, to the same extent, and perhaps more so, in free trade England than in protectionist United States. Why? I think the hon. member for Shelburne-Yarmouth (Mr. Hatfield) told us yesterday: because the geographical, economic and industrial conditions of the two countries were so different that two different policies could produce the same results.

Canada cannot and never will be the shipping country which England is, and therefore can never expect from the exchange of her merchandise on all the seas the same results which a free importing country like England has obtained, thanks to her geographical position and to her search for foreign markets in all neutral lands and in almost all semi-civilized countries on the face of the earth. Canada, on the other hand, cannot expect to be as self-sufficient a country as the United States. The climate is against us; the geographical configuration of the country is against us. There will always be more difficulty in creating a well balanced internal trade in Canada. There will always be greater difficulty in balancing the agricultural needs of the central provinces and the industrial development of the east. Instead of trying to hypnotize ourselves with the results of the policy obtained in England, under conditions which cannot exist here, or with the results obtained in the United States, under conditions which are different from ours, why not at last take an inventory of the real conditions of our country and think and act as Canadians instead of being mere copiers of England or the United States?

Especially am I always surprised at finding that the Conservative party, which boasts so much of its loyalty to all British institutions and precedents, British example and British traditions, should have become so thoroughly imbued with the Yankee spirit in matters of trade and economics. I am not prepared to say, as the hon. member for Nelson (Mr. Bird) said a short time ago, that the policy of protection necessarily makes for war and hatred between nations. There again history would prove that free trade England has looked for more wars, has waged more wars, and provoked more wars, on account of her free trade policy, than the United States have; and the United States were more often at war before they became protectionist than they

have been since they adopted the high tariff policy; but that, I think, proves nothing one way or the other.

Let us take protection as it has worked in Canada, for the last fifty years, and as applied by the protectionist party. Has it produced all the results which we are told it would produce if applied now? And should it be on a higher scale of duties than was established by the Conservative government previously? We have heard nothing as to that, except the famous "brick for brick" declaration. But as protection has been applied under the Conservative regime, by the party which invented protection as a gospel and a policy, what has it produced? It has undoubtedly created and developed some large industries. But it has also contributed to crush a great many small and local industries. Perhaps as the hon. member for Wellington once said, I lack the practical spirit. But, to my mind, not being interested in any industry whatever, I consider that a greater wealth and a more enduring prosperity would result in this country by the spreading and maintenance of small local and domestic industries, in every province of Canada, than by the concentration of large industries in a few cities of Ontario and Quebec. In that respect I am not only expressing the view of an unpractical French-Quebecker, but it is one of the main arguments made last year in the province of Nova Scotia by one of the leaders of the Conservative party, by a colleague, for a time, I think, of the hon. member for West York (Sir Henry Drayton), certainly of the hon. member for Calgary and of the present leader of the opposition (Mr. Meighen)—an argument made by the Hon. Mr. McCurdy, who pointed out that the National Policy, so-called, and as applied under both Conservative and Liberal governments, has destroyed all industries in Nova Scotia. I need not read the extract, I gave it during the debate on the Address. In Ontario and even in Quebec, the same result has obtained, to a lesser degree, but sufficient to drive the rural population from the farming districts to the urban centres. More so in Ontario than in Quebec, because the industries in Ontario are more even dispersed in various centres of medium size, whilst in Quebec, up to a few years ago, the large industries were practically all centred in Montreal, Quebec and a few other towns. But since a new impetus has been given to industry in the province of Quebec the same process is taking place. Four or five years ago, I was passing through that magnificent region lying north and south of lake St. Peter, those splendid rural districts which have been counted as the most fertile producing parts of Quebec at least, if not of Ontario as well. Well, the population of these districts has diminished largely in the last ten or twenty years. Some of the people have gone to industrial centres such as Three Rivers, Shawinigan Falls and Grand'Mère. Many others—seeing their sons leave the farm and go to work as labourers in the city, seeing also their daughters follow them to become operatives in factories or to adopt some other occupation—have abandoned the farm because they no longer had the family labour at hand to cultivate it. This has been one of the main causes of the migration of our rural populations to the United States. Thus the over-industrialization of Ontario and Quebec had begun this process of unrooting our rural population long before the war. The war simply gave a new impetus to the process. It also began to have this effect: Producing wealth, not properly balanced, impoverishing gradually the villages and the rural districts and enriching the industrial centres, it created in our cities, as in every other industrialized country, this double curse of modern times: plutocracy and pauperism. In spite of all statistics—large deposits in banks, stock exchange reports, et cetera, this does not mean wealth, still less prosperity and happiness.

But there is something more. Most of the industries in this country, created under the protective system, organized themselves without any state supervision, without any legal control as the real amount of capital invested therein, and the amount of water added to the real amount of capital. What is the result? To-day the purchasing people of this country are paying for the commodities they consume, for the goods they use, not only a fair remuneration upon the real amount of capital invested in the making of those goods; but are making returns to the financial sharks upon the amount of watered stock, of valueless paper, all called "capital." I do not believe in that. If you take these two things together, there is sufficient explanation to be found of the fact that the industrialization of this country has not benefited the whole of the Dominion, and there need be no surprise that some of our provinces should entertain a feeling of distrust, almost akin to hatred, against other provinces which they hold responsible for the state in which they find themselves.

But somethng more, and from a national point of view something of a more disquieting nature has occurred, especially since the war. I stood for protection, reasonable protection, for many years, because I thought it

was one of the obstacles to the penetration of our country by American influences. But since the war, and largely on account of our war follies, our fiscal and economic regime is now tending to make Canada a field for the investment of American capital. Some people rejoice in that. I do not. I think there is more danger to the national independence of Canada in the purchasing of our waterpowers, and of our sources of wealth, either in the forest or in the mine, by American capital than there is from the fact that some of our industries suffer from the competition caused by American merchandise entering this country. It is all very well to say that American capitalists and industrialists are coming to this country because they find conditions here suitable to their purpose—that they would not advocate any such thing as political or economic union with the United States. So long as the social and economic conditions of Canada were such that it was to the advantage of the American investor to maintain this state of things, very well. But now that we have higher taxation in Canada than in the United States—because we were more foolish during the war than the Americans were, because we spent more money, because we ruined more people, because we uprooted more of our young population from the soil for war purposes than the Americans did—the economic and social conditions in this country are getting to be such that it is becoming more advantageous, from a purely economic point of view, to invest and to live in the United States than in Canada. When the American investor finds out that his investment in Canada, that the development of his trade in Canada,—shut off from the United States by the American tariff,—is less profitable to him than his investment in the country to the south, that he is running just as much risk, if not more, and reaping less profit than he would in the United States, it will not take a lifetime before he finds means—perhaps with the help of a portion of the Canadian press and a good many of our ultra patriots—to start a movement that may take the form of independence, to begin with, but will have for its object economic union at first and afterwards political union with the United States.

There is more to be feared than the penetration by American capital. American capital does not come into Canada as English capital used to come, merely as an investment. Those great industries which are put up and developed by American capital, are also managed by American citizens with all their genius, their spirit of enterprise, their courage and their energy,—no doubt a splendid thing from a purely material and economic point of view, and I am second to none in rendering homage to the genius and energy of the American people and their great captains of industry. But they also bring with them, and naturally, without any effort or any propaganda, spread around them the spirit of Americanism. I have already noticed in the province of Quebec, where industries have been established by Americans and are managed by Americans, a new social spirit among the people working for them and living near them. With the penetration of capital, is coming the penetration of habits of work, the penetration of social habits. Over and above that, there is the penetration of the so called American literature, which the hon. member for Toronto West Centre (Mr. Hocken) mentioned the other day, in the form of American magazines, Sunday papers, and so forth; and again we had the manifestation of that characteristic Yankee tendency which prevails on that side of the House in the suggestion by him of a remedy in the shape of "protection" by way of a customs duty. He says that it would not prevent a better class of American publications from coming in, because people would gladly pay the duty, but that it would shut off the worst class. I believe the contrary. People who are looking for the worst class of American publications will gladly pay ten or fifteen cents more to have them and read them; but the seriously inclined people will perhaps hesitate before paying thirty-five or fifty cents for the serious American review. Here again I suggest that the remedy is not simply the imposition of a duty. The hon. member for West Calgary (Mr. Bennett) said. "Do not count honour by dollars." I say do not combat foreign influences by the mere imposition of a duty. If you want to counteract the influence of American publications in this country, you must develop in all spheres of life the spirit of Canadian nationalism. It is not by making the people more British that you will prevent them becoming more American but it is by making them more Canadian. The hon. member for Toronto West Centre (Mr. Hocken) had the courtesy of saying that the province of Quebec was better preserved from that penetration. Quite true. But why? The province of Quebec is better preserved on account of its language first; but a large and increasing number of our people read and learn the English language thoroughly. The language barrier itself would not be sufficient. Unfortunately, too large a proportion of that

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influx of American literature comes into the province of Quebec and penetrates Canadian homes; but it has less effect, not only because of the language but because of the religious spirit and social tradition inherited by centuries of attachment to the soil of Canada. It is because we are more thoroughly and exclusively Canadian. I am surprised that people who are so prone to denounce the penetration of American influences do not realize that the greatest moral strength we can use to counteract that penetration is by inducing as many French Canadians as we can to settle and live in the English speaking provinces of Canada, not as foreigners, but as Canadians, to help to stamp in those provinces that type of social life that has made the province of Quebec, and which still maintains in that province, the only real obstacle to Americanism which remains in Canada.

It has been stated several times that Quebec is protectionist, and that Quebec, had it not been for the conscription or other war issues, would have voted protectionist. I am surprised at the creation and the maintenance of that legend. I take it for granted that many of those who express that view speak in good faith. Undoubtedly it is due to the fact that some newspapers in Quebec, with a large circulation, controlled by men of strong influence, consider themselves the whole of Canada, of the empire and perhaps of the world. Being protectionist they think and assert that the whole province must be protectionist. On this matter I will take the testimony of a good friend of our province, one who knows it well, who has lived in it for some years, who is a pronounced protectionist and an avowed Conservative. I refer to my excellent friend the member for St. Lawrence-St. George (Mr. Cahan). A year ago last fall, there was a by-election in the city of Montreal in the St. Antoine division, decidedly one of the most Conservative and protectionist ridings of the whole province. The election was fought purely and simply, as this debate has been, on what these gentlemen call the principle of protection, and the protectionist candidate was defeated, upon which the hon. member for St. Lawrence-St. George wrote a very interesting letter; I thought it was the most complete expression of opinion on the political situation at large, and especially in Quebec. It appeared in the Montreal Gazette on December 10, 1924, and in it Mr. Cahan stated:

> I was especially impressed during the last election contest in St. Antoine division by the number of former supporters of a protective tariff who expressed reluctance to vote for Mr. Birks. They recognized the personal moral worth and the commercial and industrial standing of the Conservative candidate; but they were not quite satisfied with that kind of protection which Mr. Meighen seemed to advocate.
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> More or less casual conversations with my fellow-electors at the clubs and on the street have clearly convinced me that the electors have now begun to discriminate between the general policy of protection and the incidence of the existing customs tariff; between the existing high customs duties which unduly favoured certain industries, and the existing low customs duties which tend to drive other industries out of existence. When invited to vote for a protective policy, they instinctively enquired: "Protection to which industry, and to whom?"
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> In those conversations several industries were frequently referred to which, in the course of years, by corporate consolidations effected under the law or by commercial agreements formed within the law, had become infant prodigies and practical monopolies, which, by taking full advantage of the existing tariff, were thereby enabled to deal harshly with the consumers.
>
> It is evident that the high cost of living, the imposition of income taxes and the existing precarious conditions of employment, have led thousands of voters to discriminate between that kind of protection which would enable Canadian industries to withstand foreign competition and to create local employment, and that other kind of protection which would continue to enable a monopoly to oppress the local consumers.

I think I may take this as the full and candid expression of the reasoned opinion of the protectionist Conservatives of the province of Quebec generally. Now when you come to the mass of the rural population, to consider that they are protectionist by tradition or habit is to ignore the whole history of the province. The province of Quebec has never responded to an appeal for high protection but has voted against all such appeals.

Mr. HANNESSON: Is the hon. member in favour of protection as a principle?

Mr. BOURASSA: I do not see any principle in protection.

Mr. HANNESSON: If the hon. gentleman is not in favour of protection is he in favour of free trade?

Mr. BOURASSA: No.

Mr. HANNESSON: Then what is the principle he stands for in regard to the tariff?

Mr. BOURASSA: If the hon. gentleman will wait, I will endeavour to express as shortly as possible what I think is the view of the great mass of the people of the province of Quebec on this issue: of the thinking man by reasoning, and of the mass by instinct and tradition. We do not make a religion either of free trade or protection—at least I do not. As I told my hon. friend, for a couple of years I believed in free trade almost as much as in my creed.

Mr. HANNESSON: Free trade as it is practised in England?

Mr. BOURASSA: When I was a greenhorn I believed in free trade as it is practised there, but as I got to know something I believed in nothing. I think the best policy for this country is a policy suited to our needs and conditions, and for that reason I stand for no principle in tariff matters and for no stability, so far as duties are concerned.

Mr. HANNESSON: No principle?

Mr. BOURASSA: No; it is purely a matter of business, which must be governed by the circumstances of time and locality and by geographical and climatic considerations. We stand in Quebec—at least, I do, and I think that in expressing my personal views I am voicing the opinions of a large number of people in that province—we stand, I say, for a reasonable measure of protection. We stand for home industries, by which term we mean industries that use our native products, mineral or animal.

Mr. HANNESSON: May I ask a question?

Mr. BOURASSA: If my hon. friend will let me develop my point he will see better whether there is any necessity for him to ask his question. I am at one with gentlemen opposite in advocating a policy, not of embargo but of encouragement, aimed at inducing capitalists or industrialists who have money invested in our forests and mines to develop their industry, and so far as conditions will permit, to manufacture their products up to the finished state in this country. I believe in turning all Canadian wood into Canadian paper, so far as we can possibly do so, rather than allowing our wood to go to the United States to enrich American manufacturers. I believe in converting Canadian minerals, nickel, asbestos, and so forth, into finished commodities, rather than allowing them to go to the United States to enhance United States capital; I prefer to have them developed in Canada and so afford employment to Canadian labour. I believe, again, in protecting the beet sugar industry, and in that respect I entirely agree with the hon. member for East Lambton (Mr. Armstrong). But I certainly do not believe in a tariff policy which has succeeded in creating a sugar monopoly in the hands of a few men in Montreal and elsewhere in Canada and enabling them, by means of sugar duties, not only to receive incomes from the capital they have invested in Canada but also to maintain the sugar plantations which they have purchased in Cuba and in the West Indies. In short, if by encouragement to local industry we mean, as in this instance, protection for beet sugar growing I am in favour of a policy that will assist our producers. But let that policy be one such as is in force in Germany, Belgium, and France. Let us encourage the growers of beets in this country rather than the producers of cane in Cuba and the West Indies, because all the genius of all the Conservative leaders and partisans will never make cane growing possible in this country. Likewise, I am opposed to protection on cotton in the degree and in the manner in which it has been afforded in Canada during the past forty years, forcing the masses of the people to pay from 25 to 50 per cent more for all their cotton goods than they would have had to pay for cottons produced either in England or in the United States. I am opposed to such protection for the reason that the soil of Canada will never produce raw cotton; and, for another reason, that the industry, in Quebec at least, has been over-capitalized. Its stock has been watered to the limit, so that every time we buy a yard of cotton in any form, we are making remunerative not only the legitimate capital invested in the industry, but the watered stock that has been added to it. For that kind of protection I have never stood and I never will stand. On the other hand, I am in favour of protection on woollens, because, in my opinion, if properly applied, such protection should be an encouragement, both to the makers of woollen goods and to the farmers who raise sheep and sell their wool. I was very much interested in the proceedings at a meeting in Toronto last fall of an association of people interested in the woollen industry. I was struck not only by statements made by manufacturers but by the views expressed by farmers. At that meeting, Mr. Dryden, of Maple Shade farm, of Brooklin, Ontario, director of the Canadian Co-operative Wool Growers' Association, spoke as follows:

> We can grow successfully in Canada every type of sheep, including merino. Sheep breeding in Canada is economically sound, because our flocks are not subjected to droughts which occur in other sheep breeding countries or suffer from the diseases which have to be faced by the sheep breeder in Great Britain. Yet in the small area of Great Britain they maintain 24,000,000 sheep, while in Canada we maintain only 2,500,000, while we now only grow some 15,000,000 pounds of wool. There are no climatic or physical reasons why we should not grow 50,000,000 pounds of the 70,000,000 pounds of wool consumed annually by the people of Canada. Sheep fit into the business of mixed farming as no other farm animal does and in my opinion the raising of sheep in this country is directly connected with successful farming. There should be a flock of sheep on each Canadian farm.

I entirely agree with that. Protection, so far as the woollen industry is concerned, should be applied in such a manner as to

force the manufacturers to buy their raw material from local producers. They should use wool grown in Canada and should not be enabled to import their wool from foreign countries, afterwards making the Canadian people pay unreasonable prices to swell their capital.

With regard to boots and shoes, the same reasoning holds good. This is an industry which to a very large extent has been implanted in Quebec. I do not want to plead the case against them, but I desire to give to the House the testimony of one of the best informed men in that industry, the manager of one of the most successful boot and shoe factories in the province of Quebec. A few years before the close of the war he said to me: "After this war is over the boot and shoe industry will pass through the greatest crisis in its history." I asked him why he thought so, and he said that he was of this opinion because, carried away by the allurements of war profits, the operators of most factories were changing their equipment. They were leasing—they could not purchase them—from the American Shoe Machinery Company, machines specially adapted to the making of army boots. They were obliged to pay royalties on these machines and were engaging large numbers of new labourers, educating them in the use of this special machinery which would be absolutely of no use after the war. After the war, he said, the manufacturers would find their factories over-equipped, while they will still be compelled to pay royalties to the American company. They will also have on their hands labour utterly unsuited to the trade on a peace basis. This is exactly what happened.

So far as woollens and boots and shoes are concerned, I think I may safely say that the industries to-day are suffering, not because the average duty is too low, but exclusively by reason of the application of the British preference and because of a lack of expert appraisal at the customs. There, again, I have received all my information at first-hand. Under the British preference as applied during the past twenty-five years by both Conservative and Liberal governments, not only do British goods enter into keen competition with the products of these two industries in Canada, but goods manufactured in France, Belgium and Germany, under depreciated currencies, are foisted upon the Canadian market in competition with our manufacturers. These goods are 90 per cent manufactured in these foreign countries; and after receiving a small finishing touch in England they are stamped as British and are imported into Canada in competition with Canadian labour, and, for that matter, with British labour as well. In other words, under that famous British preference policy, we are protecting not only British capital and British labour at our own expense, but French, Belgian and German labour and capital. The only profiteer within the British Empire is the British trader who, since the development of social and economic difficulties in England, finds it more profitable to have his goods made in foreign countries and shipped to Canada under the so-called British preference policy.

Mr. FORKE: Does the hon. gentleman know that there are many people in Canada who are unable to buy boots at the prices asked for them?

Mr. BOURASSA: I quite agree with my hon. friend. I think during the war the boot and shoe makers prepared what happened to them afterwards by the extravagant prices they then asked for their product. On the other hand, will the hon. gentleman go the length of saying that we should handicap industries established in Canada—always with the reservation that they be honestly capitalized and properly managed,—in favour of foreign articles made under conditions that cannot last, their price being depreciated by reason of abnormal conditions?

Mr. FORKE: Mr. Speaker, I do not wish to interrupt my hon. friend's address, but I should like to know how he would keep down domestic prices unless by some outside competition?

Mr. BOURASSA: Oh yes, I want competition, but I want fair competition. I want, for example, absolute competition with regard to all those industries that go on the foreign market to purchase their raw material and come and manufacture it here. But when you have an industry which is a help not only to the capitalist, not only to the labourer, but also to the farmer, I say this is a national industry for which all classes of people should be prepared to make some sacrifice—not an undue sacrifice—just as I consider we should be prepared to make some sacrifice to help the western farmer to get his product more rapidly and more cheaply to the grain markets of the world. Likewise the western farmer should be prepared to pay 25 or 50 cents more for a pair of boots in order to keep up an industry which is national in its character and which makes use

of goods produced in Canada and which will help their fellow farmers in the eastern provinces.

The disposition taken by the government with regard to the application of the British preference is a good one, and so far as it will apply only to goods coming through Canadian ports I could not be against what I advocated in this House some twenty-four years ago. But I think we should go further. In that respect I think we should imitate the example of the Australians and see that at least 80 to 85 per cent of these so-called British-made goods are really British-made, and that no foreign goods should be imported as so-called British-made goods.

Having said so much with regard to protection as an economic policy what about it as a mode of taxation? In this respect I must say that I am perhaps worse than I was twenty-five years ago! As a means of raising revenue I think it is absolutely indefensible. I believe much less in a so-called "tariff for revenue" policy than in a frank and open protective policy. If it is protective, then it is no revenue producer. If it produces revenue, then it is no protection, because when you get revenue you must import goods, and therefore you must eliminate the protective element. Then I am opposed to protection as a mode of taxation because it is essentially directed against the family, and because it is a mode of taxation which the taxpayer realizes the least. Hundreds of thousands of excellent people in this country would vote against any government which would tax them $25 a year, but who, without knowing it, ungrudgingly pay $200 indirectly, either to the government by way of customs duties added to the price of the goods they purchase, or by the higher price they pay for the goods of the protected manufacturer. I believe in the saying of John Morley, that the tax-gatherer is a great school master; but in order that the lesson taught to the taxpayer is not lost, he must realize the amount of money he pays to the state and for what purpose. Therefore I entirely agree with some of those gentlemen on the other side who have said they would much prefer increasing direct taxation and diminishing indirect taxation.

As regards direct taxation, this budget is in many respects an improvement. I will not refer to the Victory bonds exempt from taxation. That was a great mistake and an injustice to the people of Canada. Perhaps there might have been some excuse at the time those bonds were issued, but I consider that instead of decreasing the taxation the people have to pay in order to reduce our war debt, we should increase it. It is unjust to our children to lay upon their shoulders the whole burden accumulated by our follies during four years of war. Let those people who are responsible for the war, for the enlistment of men, for conscription, for war expenditure far beyond the normal means of this country, far beyond the moral or political obligations of this country, in order to keep up that military display which has been so scathingly described by Sir Andrew Macphail, let those people—all of us, since we are all responsible,—let our generation pay for that folly, and at the same time let us have the courage and the disinterestedness to say to those who follow us: Do not repeat our folly. I say again, it is unjust to diminish war taxation as long as the war generation lives. I agree entirely with the member for Winnipeg North Centre (Mr. Woodsworth) that what strict social justice would have demanded would have been a capital levy immediately after the war, so as to reach the immoral, the abnormal and abominable profits made during the war, out of the blood and the blinded patriotism of this country, by warmongers who shouted "King and Country" while they were pocketing money at the expense of our people. I remember the excellent saying of Sir Thomas White, on one occasion in Montreal, that it was a crime for any Canadian to get rich during the war. Well, if that was the case, why has no government had the courage to apply proper punishment to that crime by levying a sufficient amount on those immoral profits so as to lift the burdens of the war from the shoulders of those who were not responsible for it?

With regard to other taxation, the receipt tax perhaps might have remained; but it was very much evaded and, as has been well said, was an annoyance rather than a source of revenue. I would maintain the tax on cheques and, indeed, increase it. I received the other day from a man in business a statement showing how this tax applied. He had a list of cheques he had either paid or received, I am not sure which, during a period of two or three months. By the accumulation of small cheques he had paid quite a sum of money, but on one single cheque of some $15,000 or $20,000 he had paid only $1. I think the limit of $1 on cheques is too low, and should be increased. The reduction in postage does not appeal to me; it was not a very heavy burden on the average ratepayer and could have remained for a few years longer. I admit it is not popular to say so, but we must have the

courage to teach our people that we must pay our debts more quickly than we have been doing. We must therefore preserve, I think, all the means of taxation and revenue which are not too burdensome on the average man.

With regard to the sales tax, there are certainly some corrections still to be made. I sent the Minister of Customs (Mr. Boivin) a statement the other day, showing the absurdity of the application of that tax in certain cases. A small lumber dealer with a small shop classed as a factory is obliged to obtain a license. Last year he sold to the farmers around him $2,200 worth of goods, out of which he and his family lived. He employs his son and one workman, yet he was taxed $110 on this $2 200 of gross receipts, which included the cost of his material. That is nonsense. The sales tax on small industries of that nature which are local, belonging to the small social economic life of the village or parish, should be abolished.

It is different with the tax on profits. I read in the press that a delegation from Montreal came here requesting the government to abolish the tax on the profits of so-called public utilities. They made a very eloquent plea because of the difference in treatment accorded the Hydro-Electric Power Commission of Ontario and these so-called public utilities in Quebec. Let us understand each other. The public utilities in Quebec at present are, or in the very near future will be, one single monopoly composed of various corporations interlocked with each other in the hands of two or three men, one of whom is Sir Herbert Holt. Let us examine the position of that so-called public utility, and its service to the public. I am not taking my facts from a socialist organ, but from the Montreal Gazette of February 19, 1924, in which is reproduced an article appearing in the Financial Post. That shows how the genius of Sir Herbert Holt has developed this industry. I am not going to read the article at length, but some parts of it are very interesting. It explains that Sir Herbert Holt began by taking the old Montreal Gas Company and the Royal Electric Company and developing them with such ability, that at present the shareholders of the Montreal Light Heat and Power Consolidated, who had shares of $100 in these companies now hold, without having disbursed one cent of money, 7½ shares of the new concern, equivalent, according to current market quotations, to $1,100. But, they say, all along the company has shown great consideration for the public, and the present dividend is limited to 7 per cent. But 7 per cent, on a capital multiplied seven and a half times, means 52½ per cent; so that, at the present time, the ratepayers of the city of Montreal, of the island of Montreal, and before long practically one-half the province of Quebec, will be remunerating the shareholders of these companies to the extent of 52½ per cent, which perhaps will be multiplied by four before very long. That has come about through the high protective policy of the Taschereau government which has found such praise by hon. gentlemen opposite, and which the Montreal Gazette very properly qualified as "a Tory of a Tory" government. The "protection" afforded to the public utilities of Quebec means that the companies under Sir Herbert Holt have laid their hands on all the water power around the island of Montreal; they have prevented so far the development of the Long Sault by rival companies, all for the benefit of the people, of course! Now they come and ask, in the name of the people, to be exempted from taxes on profits. I hope this government will now be sufficiently informed of the situation to resist that demand.

With regard to the income tax, I approve almost unreservedly of the changes which have been made. The increased margin of exemption was called for; the government have eradicated the absurd and unjust discrimination between married people under the laws of the English speaking provinces and those under the laws of Quebec, which discrimination has existed ever since the establishment of the tax. It took nine years to get this reform, and I congratulate the government on having made the change. Respecting the exemption on children I repeat what I said at the beginning of the session, namely, that the exemption should be extended to the age of twenty-one years. We pretend that we want to encourage higher education, and that we want to give inducements to all fathers of families to give as complete an education as possible to their children. I do not know how it goes in the English speaking provinces, but in the backward province of Quebec, with its antiquated system of education, we want our children to learn our own language and all that it carries with it, and we desire them also to learn the language of our fellow citizens of English origin. There we desire to carry on the education of our children as long as we possibly can, and I think this government should have lengthened the exemption to twenty-one years of age, as an inducement to fathers of families to continue the education of their children. It will certainly come in time; it

took three years to get the first exemption, and it has been increased gradually.

The change which puts the householder, unmarried but with family charges, on the same footing as married people, is also an excellent one. There are in our province many young men and, I will not say young girls, or old maids, but less-young girls, who carry on the heavy but sacred social duty of looking to the education of young children who have been left orphans, young brothers and sisters. It is proper. it is just, it is a social duty that they should be treated just as fathers and mothers of families are.

A point was made by the hon. member for St. Lawrence-St. George (Mr. Cahan) which I think was very well taken, and which I uphold entirely, as to the discrimination between the ratepayer who owns his home and the leaseholder under the present system. The owner of a house is not obliged to take into account the yearly value of his property as forming part of his revenue, while the leaseholder is taxed upon his revenue without any deduction as to the amount he pays in rental. The hon. member made a comparison with a farmer, but the comparison can be made the other way. I know people in Montreal who live in houses certainly worth $100,000 or perhaps $200,000, representing a yearly value, let us say, of 5 per cent. They do not pay a cent of taxation for the enjoyment of that property, and I think that is not just. I think that there should be deducted from the charges as against income a yearly value of about $600, representing the average rental, which would go in favour of the property owner as well as of the leaseholder, and that the owners of expensive property should pay something on the yearly value of the house they inhabit.

As to the tax on dividends, well, I would have bad grace to criticise that, because I asked for it; I have been asking for it for many years. It is called a duplication of taxes. I cannot see it that way. But suppose, first, that it is. There are many things upon which we pay taxation several times. Take real estate, for instance, bringing in revenue; we pay the municipal taxes, we pay the school taxes, and we pay the income tax. Why should the stockholder be more favoured than the owner of real estate? It has been said that we must encourage investment in industry. Very well, but I am more concerned with people who invest in homes and cradles than with people who invest in factories. If a company has made profits, after it has paid its taxation and the rest of its profits are distributed among its shareholders, if those shareholders draw an income from the company equivalent to a salary which is earned year after year, why should the man or the woman who enjoys an income of $5,000 or $6,000 from that investment pay less taxation than the man who earns $5,000 or $6,000 from his labour? The employees of these profit-distributing companies are taxed on their salaries; why should not the stockholders be taxed on their dividends? In many cases I am sure the managers or boards of directors of these companies will object to giving salary increases to their employees on the ground of the taxation they have to pay. Therefore, as the income of the employee is limited because of the taxation levied on the company, why should not the stockholder also be limited in the profits he may draw, by reason of the taxation? I think that is essentially just and equitable.

It is also said that this tax is discriminating against Canadian companies. I do not read the act that way. Any Canadian who invests in foreign companies is obliged under the present law to declare his income from foreign investments and to pay according to the same scale of taxation as if he had invested in real estate or in a Canadian company. Of course, I admit that there is more chance of evasion if you hold stock in a foreign company, but you have that in every country of the world. I was told the other day by someone who knows very well the functioning of the income tax in England that the amount of English capital invested abroad for the purpose of evasion of taxation is enormous. The same thing exists in France, Germany, Belgium, everywhere. You cannot stop it. But the idea of making of the stockholder a privileged ratepayer in this country, or rather of preventing him being a ratepayer, of not taxing him on his personal income apart from the taxation levied on the profits of the company, that I have never been able to understand, and I think the government has made a wise readjustment. Of course, proper care should be taken to collect the tax upon income derived from foreign investments and upon debenture coupons. I do not know, but I have been informed by people in Montreal who have a deep and intimate knowledge of financial operations that a very large amount of money invested in coupon bonds evades taxation—I do not agree with someone who spoke this afternoon against the idea of a stamp tax. If a stamp tax was imposed upon debenture coupons that are collected through Canadian banks, and the holders of those debentures were allowed to deduct that revenue from their tax bill in Canada, probably the result would be much more favourable to the Finance minister than it is at the present time.

With regard to the increase or the decrease in the income tax, I am rather inclined to agree with my hon. friend from West Calgary that this is no decrease of taxation. It is better than that; it is a readjustment of taxation, and that is what we need. For the reasons that I have given, for reasons of morality, for reasons of social justice, and for reasons of sound business, this is not the time to reduce taxation. But this is the time, and it is always the time to readjust taxation from year to year, in order to maintain a sound economic balance as between country and city, as between farming and industrial life, as between the various portions of Canada. That is what I call a budget nationally thought out, a proper and socially equitable budget. I do not say that it entirely responds to all requirements, but it is certainly a move in the right direction. It is certainly a budget that tends towards a better balanced application of taxes than we have had in this country since the war, and therefore, with the suggestions that I have made, and which I hope the Minister of Finance will take into account this year, and next year, and in all the years to come, readjusting the taxation from year to year, I propose to vote for this budget and to maintain the policy of this government, rather than to tie myself to the narrow policy of the Conservative party looking to protection, undefined, unbalanced protection, as the sole and only remedy for all the evils of this country. I did not believe in that remedy in years past. I believe still less in it under the present circumstances, and still less when all that great policy of upholding the principle of protection falls down under the four wheels of a motor car.

Mr. ROBERT GARDINER (Acadia): Mr. Speaker, before I address myself to the question before the House, I should like to say that I feel very sorry indeed that the leader of the opposition (Mr. Meighen) is not with us to-day. I am sure that we would all have been delighted to have had him here and heard him address this House. Because of the circumstances under which he is absent, I am sure we all hope that he will very soon be in a position to return again to this House.

Before I discuss the features of the budget I want to refer to some remarks uttered by hon. gentlemen during the present debate. The hon. member for Toronto West Centre (Mr. Hocken), in discussing the conditions in Canada, placed before the House a few days ago an idea to this effect: That industry in Canada had not been prospering during the last few years. He quoted certain figures and facts from the reports of the two great Canadian railway companies to show that agricultural products had been moving in greater quantity than had industrial products, and because of that fact he maintained that Canadian industries had been passing through a very serious time. If I may I would read the quotation in question, and it is this:

> My argument therefore is that the traffic arising from sources other than the carriage of farm products was substantially less in 1925 than in the year before so that in consequence we had a greater degree of general business depression last year.

On looking up the reports of these railway companies I found that everything he affirmed was true except the hon. gentleman's conclusion. With the permission of the House I will place certain traffic figures on Hansard, and I will merely refer to them to show the increase or the decrease in the volume of various commodities carried by our railway companies.

C.N.R. Freight Movement 1924-25

	Tons
Products of agriculture, 1924..	11,769,288
Products of agriculture, 1925..	11,624,809
Decrease, 1925..	144,479
Products of animals, 1924..	1,583,761
Products of animals, 1925..	1,571,114
Decrease, 1925..	12,647
Products of mines, 1924..	17,426,522
Products of mines, 1925..	18,097,528
Increase 1925..	671,006
Products of forests, 1924	9,154,706
Products of forests, 1925..	9,515,143
Increase, 1925..	360,437
Manufactures and miscellaneous, 1924..	12,564,337
Manufactures and miscellaneous, 1925..	14,190,663
Increase, 1925..	1,626,326
Grand total, 1924..	52,498,614
Grand total, 1925..	54,999,257
Increase, 1925..	2,500,643
Decrease of tonnage moved of agricultural and animal products, 1925..	157,126
Increase of tonnage moved of products of mines, forests, manufactures and miscellaneous, 1925..	2,657,769

C.P.R. Annual Report Ending Dec. 31st, 1925
Freight forwarded

Flour—Decrease 1925.. .. ..barrels	906,370
Grain—Increase 1925.. .. ..bushels	31,657,227
Increase in tons..	949,716
Live stock—Increase 1925.. .. ..head	30,787
Lumber—Increase 1925.. .. ..feet	56,642,000
Manufactured Articles—Increase 1925.. ..tons	502,464
All other articles—Increase 1925.. .. ..tons	831,765

Taking the report of the freight movement of the Canadian National railways for the years 1924 and 1925, and considering that agricultural products were supposed to have moved in greater quantity in 1925 than in 1924, I find the hon. member was incorrect in his statement. I will not state the total amounts moved but will merely give the increases and the decreases as they are taken from the report. The decrease in the amount of agricultural products moved in 1925 as compared with the year 1924 was 144,479 tons.

The decrease in animal products carried in 1925 as against 1924 was 12,647 tons. Of products of the mines there was an increase in the amount carried in 1925 over 1924 of 671,006 tons. Of products of the forest there was an increase in 1925 as compared with 1924 of 360,437 tons. Of manufactures and miscellaneous products there was an increase in 1925 over 1924 of 1,626,326 tons. The grand total of increases for 1925 amounted to 2,500,643 tons. In the case of agricultural products the decrease in movement in 1925 amounted to 157,126 tons. The increase in tonnage of products of the forests and mines, and manufactures and miscellaneous, in 1925 amounted to 2,657,769 tons. These figures dispose altogether of the statement which the hon. member made. It proves very conclusively that the Canadian National Railways moved a greater tonnage of manufactured goods than it did of agricultural products in 1925. In view of these facts it is unfortunate that the hon. member should have made the mistake he did.

Now taking the Canadian Pacific annual report for the year ending December 31, 1925 we find the movement of freight set out at page 35 and I quote from it the following figures: The movement of flour in 1925 was decreased to the extent of 906,370 barrels. There was an increase in the volume of grain moved of 31,657,227 bushels or 949,716 tons. There was an increase of 30,787 head in the number of live stock moved. The movement of lumber increased in the same year, that is 1925, by 56,642 thousand feet. In the movement of manufactured articles there was an increase of 502,664 tons. The movement of all other articles increased by 831,765 tons.

May I explain to hon. members who are not conversant with conditions in western Canada what happened there during the last two or three years. In the year 1923 we had perhaps one of the best crops in the history of the west. Now, when a good crop is assured in western Canada there is a general movement of trade because the people of the west require many necessaries to enable them to handle their crops. In the year 1923 we had a "carry over" of grain products to the following year and that was included in the tonnage moved in 1924. In 1924 we had a very light crop in western Canada, consequently there was a reduction not only in the quantity of grain but of manufactured products moved. In 1925 we had no "carry over" of grain which the railways move in the spring. That explains why the situation was of that nature which the statistics indicate. I repeat that the hon. gentleman misrepresented the fact when he stated that manufactured goods had not been moved in an increased volume of tonnage.

The hon. member for Neepawa (Mr. Murphy) in his speech referred to the Progressive movement in western Canada. He stated that the Progeessive movement there was declining. He made a further statement with respect to a certain farmers' periodical, namely, the Grain Growers' Guide, which was challenged by another hon. member. The statement of the hon. member for Neepawa was to this effect:

> Until the present time the subscription price has been $2 a year, $1 of which went to pay for the paper, the other dollar being the membership fee in the Farmers' Local.

And so on. Now, Sir, I have been a subscriber to the Grain Growers' Guide from the year it was first printed, and I have never known my dues to the Farmers' local to be paid by the Grain Growers' Guide. I know from personal experience that statement is absolutely incorrect, and it is no indication of the hon. gentleman's intelligence to have made such an assertion.

Now, I wish to say a few words with regard to the budget. In the first place I think the budget will be accepted generally by the people of this country. I sat in this House during the last parliament and in my opinion this is the best budget that has ever been brought down during that time. I believe I can support it with a good deal better spirit than any budget which has been submitted to parliament since 1921. Like the hon. member for Labelle (Mr. Bourassa) I regret very much that the government has seen fit, in a way, to reduce the special taxes for war revenue purposes. I think those taxes should be kept up as long as it is necessary to meet our war expenditures because personally I have not very much use for war. So long as people feel they must pay for wars the less likely they will entertain any desire of supporting future wars if they can help it.

1 a.m.

The Finance minister stated that the national debt at the present time amounts to $2,417,437,685. That is quite a large debt. Heretofore we have never made, any provision for the reduction of our national debt. All that we have done is to take the surplus we might have at the end of the year and apply it in reduction of the national debt. I think the time has come when we should make provision for the reduction of the national debt, and that provision should be included in the budget. There should be an item of expenditure in the estimates to cover

the actual reduction of our national debt, and personally I will not feel satisfied that we are handling that situation effectively until such provision is made. It is not enough to depend on the surplus each year for the reduction of that debt.

There is one omission in the budget which is rather surprising to me and that is that the Minister of Finance did not forecast the revenue for the coming year. I am quite ready to admit that it is a hard thing to forecast revenue, and any Minister of Finance who attempts to do it is more or less in the class of a prophet. But at the same time it gives a good deal of satisfaction to the people if they have some indication as to what the minister expects in the way of revenue for the coming year.

Referring to the income tax, I think it is now on a basis where it should be kept for some years to come unless something extraordinary happens. I would not like to see the income tax any further reduced, except perhaps in the lower incomes. As far as the higher incomes are concerned I think they should be kept as they are, because after all is said and done the people who have the income are those who should be the most heavily taxed, and the income tax in my judgment is one of the fairest taxes that we have. A good deal has been said with reference to the favourable balance of trade, namely to the extent of $402,000,000. The Prime Minister this afternoon referred to the fact that the balance of trade in Canada's favour was greater than the balance of trade in favour of the United States in her national trade, namely $402,000,000 for Canada and $352,000,000 for the United States. One thing which we must take into consideration is the fact that Canada is a debtor nation. We are paying out interest charges each year, and consequantly in order to meet those charges, we must export goods. That is the only way we can pay our interest charges and our debts abroad. By reason of the fact that we are a debtor nation it is necessary to be a tremendous exporter of goods to meet obligations incurred for what we import. The United States is a creditor nation, and consequently, because of that fact, she does not have to export a surplus of goods to pay for any liabilities she may have abroad. As a matter of fact the time is coming when we may expect the United States to have a balance of trade against her, on account of the payment of debts due to the United States.

The Prime Minister seemed to think that a good deal of this balance of trade was due in large measure to the methods of the government. There may be something in favour of that proposition, but do not forget that the people who make prosperity in this country possible, and who make it possible to have a balance of trade of $402,000,000, are the people who take off their coats and produce the wealth of the country. If the people of Canada had not been industrious, more particularly in our agricultural section of Canada, we would never have that favourable balance of trade, but we must always remember that any favourable balance of trade or any method of paying our liability can only be secured by producing goods and rendering service.

There is one item I should like to suggest to the Minister of Finance and to the government regarding our obligations abroad. At the present time Canada has no means of telling how much we owe abroad by way of liabilities or debt. I think it would be quite possible for the Bureau of Statistics to secure the information, and if we had it we would be in a position to know just how our trade balances stood. We may not be exporting enough goods at the present time, even allowing for the surplus we have had during the last year to pay our liabilities abroad, and if that is the case we should be in a position to know it and be able to tell how much we have spent by way of surplus to meet the liability. It seems to me the Bureau of Statistics should be taken care of to a greater extent than it is at the present time. I do not think they have been given the opportunity to obtain as much information as they might have, and there is much information we should have from that bureau which we have not got and which would be of great value in future in determining our future policy.

The Minister of Finance in his closing remarks made a statement I think we all approve of. He pleaded for unity in Canada, and in that I agree with him, but let me say there can be no unity in Canada so long as injustices remain in this country. The only method whereby we can secure unity is to see that justice is rendered to all sections of Canada; when that is done we will have that unity which is so much desired by all classes of the country.

Since this session opened our hon. friends to the right have been very much perturbed about the farmer and have expressed themselves very freely as to his condition. They maintain that the farmer is not receiving justice under present conditions, and they are quite right. But they propose, in order that the farmer shall receive a greater measure of justice, to place a higher protective duty on

farm products. That is their remedy and the only remedy they propose, so far as I have been able to gather up to the present time. Let us see where the farmer would stand under a protective system. Let me remind hon. members first of all that very nearly fifty per cent of the population of Canada depends wholly or indirectly upon agriculture. How has protection treated the farmer in the past? It is only necessary to look over the statistics carefully to ascertain how the farmer stands under a protective system. In 1923 I went to a good deal of pains to find out how the farmer stood, and after the investigation I made I felt that the farmer was robbed at the point of exchange. That is to say, when he came to exchange the products of his labour for the products of the factory he was robbed, because he did not get a fair exchange; so much so that, taking into consideration the prices as they were at that particular time, 1923, the farmer had to incorporate in his products approximately two and a half hours of labour in exchange for one hour of factory labour. Under those circumstances no agricultural section of Canada can be prosperous. I do not think it is quite as bad to-day, on account of the fact that the price of farm products have risen quite substantially during the past two years. There is also a greater degree of prosperity among the farmers than there was in 1923. But notwithstanding the increased price of products the farmers to-day are not receiving equitable treatment when they come to exchange those products for the things they require. That is readily understood when you examine the situation. As has been stated on many occasions, we farmers buy in a protected and sell in an open market at world's prices, because we export large surpluses of farm products. Under our fiscal policy the manufacturers can control to a large extent the prices of the commodities they sell, and by reason of that fact the farmer is unable to compete with them in the interchange of products.

Our Conservative friends have been assiduous in trying to cultivate the affections of the farmers. Now let me say this: I do not care how high the tariff may be on agricultural products. The fact is that just so long as the farmers sell individually and compete one against the other, not only in the home market but in the markets of the world, just so long will they be absolutely at a disadvantage under protection. Unless, therefore, the farmers realize that their only hope is in selling co-operatively, then under no circumstances can they expect to be prosperous in a country in which there is a protective tariff. Let me give the experience of Australia. I have gone to the trouble to find out just what the situation is there and I think the House will be interested to follow the trend of events in that dominion. Some time ago as the result of a general election the Australian people found themselves face to face with a situation very much the same as we have here at the present time. No party had a majority in the House and none could carry on except upon a basis of co-operation. There were three different groups in that parliament, one of which was the farmer party. This party made an alliance with the high protectionists, two of the farmer representatives going into the cabinet. Eventually they had to accept the protective policy of the group with the largest following who had formed the government. That government increased the customs duties and in the long run the Australian farmer demanded protection for himself. And he was protected. The result is that to-day in Australia there is a two-price system in connection with the sale of farm products. Consideration is first given the requirements of home consumption, and what is left is of course exported. Take for instance the sugar cane industry. They can tell exactly how much sugar is produced, and I am informed that during the last year it required about 60 per cent of the sugar cane grown in the dominion to provide for home consumption, 40 per cent being exported. What happened? The cane growers received $12 per ton for their product on that portion consumed at home, while on the 40 per cent which they exported they received only $3 a ton. I may remark here that there is in Australia a Labour Arbitration Board, and the moment the prices of farm products went up under that system, owing to the fact that the farmers were in control of prices in the home market, the workingmen demanded a higher wage. They went to the board, pressed their case and got an increase. What happened again? Up went the prices of farm products. So in Australia they are afflicted with this vicious circle. And that is what will happen in Canada if the policy advocated by the Conservative party is put into effect and the farmers ever control the selling of their own products.

Our friends on many occasions have brought to the attention of the House the fact that the farmers of the United States have high protection, and the leader of the opposition (Mr. Meighen) has said more than once that when he comes into power he will erect a protective wall brick for brick with the United States. One would naturally think

that the protective tariff in the United States should have operated beneficially to the farmers, but as a matter of fact it has not, because of the fact, as I have pointed out, that they compete one against the other in selling their products. What is happening in the United States at the present moment? The farmers are telling the government quite frankly that it has fooled them on the question of the tariff, and they are demanding that congress set aside $375,000,000 for the purpose of taking care of the exportable surplus of farm products in the United States, in order that this surplus may be taken off the market, leaving the farmers in a position to increase the price of the product to the home consumer. That is the position the farmers are in to-day in the United States, and I understand that congress is thinking seriously of applying that suggested remedy. Under the circumstances it strikes me as folly for the farmers of Canada to accept the policy laid down by the Conservatives. I admit that if we were selling all our products through one channel a protective tariff would be a fine thing, for we could then take advantage of it. But the fact is that we cannot and until such a co-operative organization is actually in operation we shall not be able to do so.

A good deal of criticism has been made with reference to the reduction of duties on automobiles. The only fault I have to find is that it is not great enough. I should like to see a further reduction made in these duties, and in my opinion, judging from the profits which I have seen that these companies make, if a further substantial reduction were made the manufacturers would still be left with sufficient protection. It is rather amusing to hear our friends discussing the motor industry. One thing that has struck me more forcibly than any other in this connection is the fact that not one of these gentlemen seems to know anything about the industry, for there is not a practical motor man in this House. Most of the arguments are based on supposition and supposition alone, and just so long as that sort of debate goes on it will be impossible for us to know what the actual facts are in relation to the motor industry in Canada. Some time ago, as we all know, there was a delegation here from the city of Oshawa and surrounding towns to interview the government with a view to securing the restoration of the reduced duties. Having given the question careful consideration I have come to the conclusion that quite evidently there is an understanding between employers and employees in eastern Canada that while they can get a high duty on whatever commodities they manufacture, they are in position to exploit a large section of the Canadian people. And they are quite willing to carry on that exploitation if they can. It seems to me that this delegation was here merely for the purpose of securing from the government the privilege of exploiting the masses of the Canadian consumers for another period of time. That is how it strikes me at any rate. Under the circumstances I am glad that the government reduced the duty on motor cars, and, I repeat, I would have been ready to support a still greater reduction had they had the courage to propose it. I have heard it rumoured. I do not know with what truth, that the higher officials of the General Motors Corporation of Canada do not even use the cars they manufacture in Oshawa, but bring in their cars from the States because of the fact that even after paying the duty they can get them cheaper. As I say, I do not know whether that is correct or not, but the rumour is so strong that it seems to me there must be some modicum of truth in it.

I think in some former debate I drew the attention of the House to this circumstance. We have natural resources in abundance, we have also machinery of production second to none in the world, and to supplement these we have a virile manhood willing to produce the things we require for our sustenance. Yet notwitstanding that fact we find a very large proportion of our population to-day is on the verge of want. Why is it that in a country so wonderfully endowed with natural resources, the machinery of production and a virile manhood, 25 per cent at least of our people are on the verge of the bread line almost all the time. That is the real problem before us. I do not think the fiscal question is the most important that we have to deal with. It does not make any difference whether you go to a highly protected country or to a free trade country, you find a similar amount of destitution in either. It seems to me we have been wasting a tremendous lot of time in dealing with the fiscal question instead of applying ourselves to the one essential problem. We should see to it that we get enough purchasing power into the hands of the consumers so that they can buy what we produce. In other words, it is a question of effective demand. When we have sufficient purchasing power then we will have an effective demand, and when we have an effective demand then all our industries will be running at full speed. And until we have that effective

demand through increased purchasing power we can talk ourselves black in the face regarding free trade and protection and never accomplish anything worth while.

The hon. member for West Calgary (Mr. Bennett) to-night made some reference to capital. He complained that under this budget people were selling their Canadian stocks and bonds and investing their money in Wall street in United States securities. I regret my hon. friend is not in his seat. I am afraid that he has not grasped even the first principles of economics. Had he done so he would not have made such a statement, for he is far too intelligent to make such an error. It is not possible for any great amount of money to be transferred from Canada to the United States or to any other country. We do not transfer money—we do not get money when new capital comes into this country. Money in the final analysis is merely a medium of exchange. It just measures values, or we express values by money. The only function of money is to facilitate the exchange of goods and services. We never export money unless we export bullion or gold when it is coined, and there is very little of that exported or imported. Now, what happens when we get new capital? For instance, if $200,000,000 of American capital comes into Canada it does not come in the form of American currency, because we do not allow that currency to circulate in this country. In the first instance that capital no doubt comes in by way of a bank credit, but just as sure as we get a bank credit of $200,000,000 of new capital from the United States, that will be followed by goods because that is the only way that capital can flow from one country to another. Some of our friends make the mistake of thinking that money is capital. Money is not capital. It never was and never will be. True, you can purchase capital if you have money, but money in itself is not capital. Capital is, for instance, factories, the machinery of production, raw material, and so forth; that is real capital, but money in itself is not capital at all. That is where many of our protectionist friends go wrong. For instance, our friends to the right say: You ought to treat capital a little better. If you would cut down taxes on capital we would get much more outside capital to develop our resources. But what about their high protective policy that they talk so glibly about? It is a direct tax on capital coming into this country because that capital, as I stated before, comes in in the form of goods, and those goods have to pay duty. Therefore our friends are very illogical in their reasoning. They want to see more capital come in. All right, then cut down your customs duties and you will get capital more readily than under present conditions. That is the only way.

Our friends also seem to think that capital is of more value than labour; that is to say, they would give the preference to capital over labour. Let me give the House a quotation from Abraham Lincoln, which I think fits the situation exactly. This is what he said about capital:

> Capital is the fruit of labour and could not exist if labour had not first existed. Labour therefore deserves much the highest consideration.

I quite agree with that. Greater consideration should be given to those who produce capital than to capital itself, and until we make up our minds to adopt that as our policy the workers of this country will be always shouting for higher tariff duties in order that they may be able to get work.

Mr. BELL (St. Antoine): Would the hon. member tell the House whether Lincoln was a protectionist or not?

Mr. GARDINER: I do not care what he was. I am merely quoting his opinion because it fits present-day conditions. It is not material to my argument whether he was a protectionist, a free-trader or a tariff for revenue man.

I would like to say a word about the Tariff Advisory Board. I am not satisfied in my own mind that this board is going to be worth anything; in fact, Mr. Speaker, I think that those who believe it will be of some value are more or less living in a fool's paradise. Let us consider the members composing the board at present, and see what business they are engaged in. One I understand to be a newspaper man, and also a politician; another is a boot and shoe manufacturer, while the third member is a farmer. I quite agree that if they look into the question of whether or not we should have a tariff on magazines coming into Canada, that member of the board who is a newspaper man will know something about it; he should, because that is his business. So far as boots and shoes are concerned, and as to whether we should have a higher tariff, a lower tariff, or no tariff at all, that member of the board who is a practical boot and shoe man will be able to give valuable information, and will know what he is talking about. In dealing with agriculture the third member will no doubt be able to give a good deal of intelligent service. But that, I think, is about all they are capable of inquiring into. When it comes to other industries such as the automobile industry, for instance, in all its ramifications,

what hope is there of a board of that description being able to get an intelligent viewpoint of the whole circumstances? It would seem to me almost impossible under these circumstances for this board to function efficiently.

In connection with the tariff board in the United States, I would like to draw the attention of the House to one point. The hon. member for West Calgary (Mr. Bennett) referred to this board to-night and stated that our Tariff Advisory Board should have practically the same powers as that of the United States tariff board. That is, that they should have such power that if they find that the tariff should be raised or lowered, they may put that tariff into effect according to their judgment. I trust that that will never take place in this country. I think the representatives of the people, who are elected to this House to look after the public interest, should always keep control of the fiscal policy. I read an article the other day regarding the situation in the United States, where the board is composed of six members, I believe. Some time ago an application was made to that board to inquire into the sugar industry of the United States. That was done, and three members of the board thought the tariff should remain as it was, while three others, because of certain facts they had discovered, reported in favour of a lower duty. The board was deadlocked for some time and the report was not brought down for some twelve months. Eventually the administration tried to get rid of one or two of those members in favour of a reduction; they were offered all sorts of privileges and all kinds of high-salaried jobs, in order that the sugar trust might exploit the United States citizen by keeping a high tariff on sugar. I think such a condition is intolerable, and I do not believe the Canadian people would welcome it. However, I am quite willing to give this board an opportunity to function and we can then judge of its usefulness by the fruits of its labour.

I wish to make a protest, however. I suggest to the Minister of Finance and to the government that as far as I can see no provision is made for anyone to look after the interests of the consumers before that board. We can well understand that the individual consumer of farm implements, sugar or anything else, is not in a position to come before that board and plead his case. In consequence, then, if fairness is to be done the consumer as well as the industry under investigation, there should be a representative there to look after the interests of the consumers, and to see that all the facts are brought forward. I would suggest to the government and more particularly to the Minister of Finance that a representative should be placed at the disposal of the consumers in order that their interests may be protected.

Now I have only one other subject to deal with, and I will be very brief. I would like to speak for a moment on the situation in the House of Commons as we find it at present. After the last general election we found that no party or group in this House commanded a majority, which meant that we either had to have another election, or that two or more of the groups must come together, carry on the government and allow parliament to function. That was done, and I have no regrets to express and no apologies to offer for the course of action I took. Our friends to my right have called us many different names; we do not mind that; we are used to it. But I would like to remind hon. members to my right that had we decided to throw in our lot with them the situation would have probably been reversed. Very little criticism can be levelled at us, therefore, for our action.

The point I would like to deal with to-night is more particularly our parliamentary institution as a whole. We must ask ourselves whether parliament is functioning as effectively as it might function, whether we are rendering the service to this country that we should render, and if not why not. Prior to 1921 we had only two parties in this House, the Liberals and Conservatives. When the general elections were over one party was left with a majority in the House; they took up the reins of government and were responsible for the administration of affairs. The other party formed what was known as the official opposition, the leader of which received something like $10,000 a year over and above his indemnity. For what purpose? To oppose the government measures; to oppose everything the government brought down. The people, by a majority of votes, indicated that they wanted a certain party to form a government and to carry on the affairs of the country. But our politicians decided that something would be added, and that the other party would oppose all the measures the government brought down. That seems to me, Mr. Speaker, to be a ridiculous situation. There is one thing we must recognize. If you look over the industrial field you will find that co-operation is the order of the day, that co-operation is invading every industry in this country. Our parliamentary proceedings, in my judgment, are something like thirty

or forty years behind the times, that is to say, behind our industrial development, and the time has come, in my opinion, when if this parliament is going to function under present conditions we shall have to have co-operation in politics just the same as we have co-operation in the industrial field. This parliament has been in session now for four months, and what have we done?

An hon. MEMBER: Nothing.

Mr. GARDINER: Nothing; that is right. We have an insane system of doing the business of this country. If hon. members of this House came to this House imbued with the idea that they were going to support measures, and not parties, we would have transacted the business that was to be done in this House two months ago. I care not what party may come into power; that is immaterial to me. But I do say this: This country is going to demand more from this parliament than what they have received in the past, and the time has come, unless we are going to run the risk of being laughed to scorn by the average person in Canada, when we must rearrange our method of doing business in this House, and I suggest as a remedy for getting away from our present conditions that all groups in this House try and co-operate for the purpose of giving the best legislation and the best administration that we possibly can to Canada.

Mr. L. A. WILSON (Vaudreuil-Soulanges): Mr. Speaker, this is the first occasion on which I have risen to address this House. I have observed since the 7th of January when we met, that every hon. member who rose to speak congratulated you upon the position you occupy as Speaker of this House. I would rather congratulate the House and the people of Canada on having been able to obtain such a gentleman as yourself to occupy the Speaker's chair. I shall not enlarge upon your qualities, upon your ability, upon your savoir faire; it is too well known. But I see, and I believe my friends in this House also see, a different vision. They have watched you since this parliament opened. They have observed your patience, your impartial judgments, your knowledge, and they have sympathized with you in the great work that you have done since that day, and I think I am reflecting the opinion of everybody in this House and of the people of Canada generally when I say that they see a different vision, and that is, notwithstanding the great regret we should feel at your departure, we would like to see you occupy the position of Canadian representative at Washington. I have no mandate to speak for you, Mr. Speaker, nor have I been inspired to make this remark, but, as the gentlemen on the other side of the House have so very correctly pointed out, we are one of the biggest customers of the United States, and I think it is about time that we had a representative at Washington to see that they become our customers as well as we being theirs. With your wide knowledge of affairs, with your manner, and I might add your lovely disposition, you would soon be able to bring down some of the bricks in that wall that at present stands between the two countries.

Mr. MEWBURN: Let us make it unanimous.

Mr. WILSON (Vaudreuil): I shall occupy a very few minutes, as I know the House is tired, and the people of Canada are also tired of this debate, which has lasted now for over a month. I shall therefore restrict my remarks to a few observations as a business man for the last fifty years in the metropolis of Canada.

For the information of the House and those who do not know me intimately—and I am glad for them—I may say that I happen to be interested in several industries in Canada and in several banking institutions; consequently I think I am in a position to make a few remarks on the questions that have come up in this debate. I shall not go into figures, for the figures that I have heard here in the last month would worry a dozen Philadelphia lawyers. I shall take the liberty, however, of giving you a picture as a business man, or as a layman, of what I have observed in this House since the 7th of January.

We were called to meet here on that day, and as you know, Mr. Speaker, it was rather dismal for this side of the House, and probably dismal also for the other side. Really it was not pleasant. I came here absolutely as an accident. Two weeks before nomination day I had no idea that I would ever occupy the honourable position I hold in this House, but Providence decreed otherwise. When I came to this House on the 7th day of January, I tell you frankly, Mr. Speaker, I was absolutely bewildered. I never had any idea of the beauty and grandeur of this chamber. Much less had I any idea of the brilliant parliamentarians that sat in this House at that time and since. Frankly I have been amazed at the ability of some hon. members of this House. I had no conception that the House contained such able men as are in this House at the present time. I had no idea of parliamentary procedure: I had no

idea of the number of precedents there are for the guidance of this House, and when I saw the volumes being brought in from the library, Mr. Speaker, from which hon. members quoted precedents going back three hundred or three thousand years, I tell you that I did not feel any higher or any bigger than Tom Thumb. I went to the Minister of Justice and offered him my resignation, but he declined to accept it. I want to say in all frankness that I had no conception of the knowledge or experience possessed by some hon. members of this House. I say to my friends on the street, in Montreal and elsewhere, to-day: If you think there is any sinecure in being a member of parliament, if you think that all he has to do is to walk into the chamber, you will soon discover that you do not amount to very much, and you will cease to criticize members of the House of Commons without knowing the facts as some people unfortunately do throughout this country.

Amongst the speakers that I have remarked, I might with the permission of the House mention a few names. We all know our Prime Minister, and his knowledge of technicalities. We all know our friend the Hon. Ernest Lapointe, who was so very patient throughout the month of January. We all know our friend Ed Macdonald, the popular Minister of National Defence. We all know our friend Mr. Cardin, the sympathetic Minister of Marine and Fisheries. We all know our friend the Hon. George Boivin. We all know the Hon. Charles Stewart, our new Minister of Labour (Mr. Elliott) and our Solicitor General (Mr. Cannon). We all know our friend the Hon. James Robb, who is very popular with the automobile people just now. Then there is the Minister of Railways and Canals (Mr. Dunning), that little dynamo from the west; and the Hon. Charles Marcil, of Bonaventure, that veteran member of the House whom we all admire.

An hon. MEMBER: Don't forget the Minister of Public Works.

Mr. WILSON (Vaudreuil): Yes, I have got the name of Mr. King here. Then I come to our good friend Mr. Rinfret, and the hon. member for Cartier (Mr. Jacobs). Next I come to my good friend the Right Hon. Arthur Meighen who I see is not here to-night through illness. I take this occasion to say—and anybody who knows me will realize that I am sincere when I make this declaration—that I have a high admiration for the right hon. leader of the opposition, but not politically. Next I come to Sir Henry Drayton, ex-Minister of Finance, who has a beautiful smile that never comes off all the time, and who inadvertently and unknown to himself enriched some of his friends on both sides of politics to the extent of over a million dollars when he put up the duty on olive oil. I next come to my hon. friend Mr. Bennett, who made such a wonderful speech to-night; Mr. Guthrie, of South Wellington; Mr. Thomas Church of Toronto Northwest: my dear old friend, Robert White of Montreal; my friend Mr. Cahan, and my old friend Dr. Manion of Fort William. I want to say that I consider Dr. Manion one of the best speakers in this House. I may remark that I know his relatives more intimately than he realizes. Next I come to Sir George Perley, formerly our ambassador to England; Mr. Edwards of Frontenac; that little fighter the Hon. H. H. Stevens. The last named gentleman I am glad to say is not a lawyer, therefore there are hopes for some business men. I must not fail to enumerate my good friend on the other side of the House, the Hon. Robert Rogers, ex-Minister of Public Works, who captured as many elections as I did. Then there is Mr. Maclean of South York, who only wants one railroad in this country. Between Mr. Maclean and myself there has been a friendship of forty years' standing. Next I might mention in succession that great student, Mr. Bourassa of Labelle, Mr. Robert Forke, Mr. Evans of Rosetown, Mr. Millar of Qu'Appelle, last but not least the charming representative from Southeast Grey (Miss Macphail).

To those hon. gentlemen who have not the great advantage of knowing their humble servant I may say that in 1896 I happened to be treasurer to the Liberal party in the city of Montreal. This fact is well known to Mr. Speaker. He knew I was the treasurer. At that time our bank account was rather slim; at least he used to tell me so. Mr. Speaker was one of our great favourites.

I am glad that I have been given the opportunity of saying a few words. I know it is only a matter of courtesy. The two whips allowed me to make a few brief observations, being a newcomer to this House and an old friend of both parties. There are some men here who may look upon me with a certain amount of suspicion. For that I do not blame them. I want to tell this House that I am a supporter of the Liberal party, but that I supported my friend Mr. Bergeron, in the county of Beauharnois, now represented by my hon. friend (Mr. Raymond). We elected Mr. Bergeron. On that occasion I was called

2 a.m.

down by Sir Wilfrid Laurier and he said to me, "Are you not a true soldier in the ranks of the great Liberal party?" I said, "Sir Wilfrid, I am as true as any man in the party. I am not a traitor, but I will not vote for a prohibitionist." Sir Wilfrid Laurier sat back in his chair in the old House and he said, "Larry, I will take good care never to be a prohibitionist". I supported Hon. A. W. Atwater in the St. Lawrence division of Montreal against another Liberal prohibitionist. I do not want to become a prohibitionist, even though I am in Ontario at the moment.

The debates in this House, conducted by all the bright men in all the groups, Liberals, Conservatives, Progressives, Labourites and Independents, have been to me a revelation, I will say to my own son, a student, who is in the House, sitting up there in the gallery, that nobody should come to the House of Commons unless he has attained a reasonable age, so that he can study this wonderful procedure of yours, which I cannot understand. I cannot get into my mind what the "previous question" means, although, it favoured us that time I believe, Mr. Speaker. Then again I cannot understand why one man, because he is an athlete and can get up quicker than another, should have the preference, and that the whole proposal should fall to the ground. I think that procedure should be amended, Mr. Speaker.

I am deficient in classical education, but I think I have a reasonable amount of intelligence, and I may say that if any business concern in this country were conducted on the lines of your procedure, Mr. Speaker, the firm would be bankrupt in six months. I think unless the parliamentary procedure, which is obsolete, is amended the country will also go bankrupt. Since the 7th January I have witnessed some hard hits in this House. I have met members on the other side, and I regret to say that I have had more invitations to lunch and dinner from the other side than from this side of the House. I hope, Mr. Speaker, that hon. members on this side will wake up. After all those hard hits I thought hon. members would come to blows in this House, but when you rose and said, "This House stands adjourned until three o'clock tomorrow afternoon," then I saw those members on both sides walk out arm in arm. I know now that that was good cricket, they went to dinner somewhere not in the province of Ontario. I then concluded, Mr. Speaker, that this House of Commons should have been built on the interprovincial border, one half in Ontario and the other half in Hull.

I had prepared a wonderful speech to last three or four hours, which I intended should go in Hansard. I would have mailed 10,000 copies to my electors, and I would probably be defeated in the next election if they ever read it. I came to this House on the 7th of January, and had to return to my country home in Coteau du Lac a tired man, but I received a telegram saying, "Come up, there is a vote". I came up, but there was no vote. Fancy a tired man over sixty years of age coming up here and being told, "I have seen the whip on the other side, and it is all off." On one occasion I asked the ex-Minister of Finance (Sir Henry Drayton), whom I see across the chamber, if there would be a vote. Do you think I could get any satisfaction out of him? Not on your life. Again in February I was asked to come up and I said I would not come, but the Liberal whip sent for me in an aeroplane and brought me to Ottawa. A vote was taken and we won by a majority of one, and I want the government to understand that my coming up in an aeroplane that night saved the government, so that if there is a vacancy in the other House I am entitled to it. During election time I was questioned about Senate reform. I received a telegram from my friend Brenton MacNab, now running a newspaper at Winnipeg, asking for my opinion on Senate reform, and I replied, "I am opposed to any reform of the Senate until I am appointed."

Now we come to the more serious aspect of this budget debate. I find in the Speech from the Throne a reference to old age pensions. I would deplore the situation if an old age pension act were not placed on the statute books of Canada. It is on the statute books of all civilized countries to-day. I think the majority on both sides of the House will support it, but personally I do not think my province would accept the proposition, for this reason: In the province of Quebec we have very old families and there are many grandfathers, of whom I happen to be one. Their children and their children's children who are working in various parts of Canada and in the outside world send their fathers of over seventy years of age the wherewithal to exist comfortably without being mendicants or having to hang on to the skirts of the Dominion or any other government. I say that without intending to reflect in any way on our friends from the west or from any other province that wishes to take advantage of old age pensions. But in Quebec we have wonderful institutions, both Protestant and Catholic, homes to which we subscribe large amounts.

Hon. gentlemen opposite who happen to belong to a different faith from ours know all about their own institutions, and they know that irrespective of creed or sect all these institutions of both persuasions are doing splendid work. All religions, all charitable organizations are good. In the western provinces, however, we find a newer generation. There are not so many old men there like myself; they have not grandfathers such as those to whom I have referred. There are no grandchildren to send money home to support their dependents, and consequently there is need of this bill. Sympathetically we will support the bill. But I must say that if these expenditures are to run into several millions I for one fail to see why the provinces not participating in the donations under the legislation should not receive their proportionate share to devote to the hospitals and other institutions within their own territory.

Now I come to the question of rural credits, and I may express in passing my pleasure at seeing the hon. member for St. Lawrence-St. George (Mr. Cahan) in his place. I have the presumption to believe that I understand this question. I have lived in a rural community for the last five years, having been shoved out of my own legitimate business.

Some hon. MEMBERS: Hear, hear.

Mr. WILSON (Vaudreuil): These fellows behind here happen to know what business I was in. Well, I have made a study of agriculture during that time, being honorary president of the Agricultural society of Vaudreuil, as well as honorary president of the Agricultural society of Soulanges. I know the good people that live along the Ottawa and St. Lawrence and I can assure the House that my county can boast the finest inhabitants that are to be found anywhere. As I say, I have made a study of conditions from door to door and I modestly claim to understand the requirements of the farmers in my constituency, which I have no doubt is pretty much like any other district in the Dominion. Now, as a result of my observations I think that what the farmer requires to-day above everything else is cheap money. He must borrow at a lower rate of interest than he has been paying if he is to succeed. We cannot expect him to pay 7 and 8 per cent and be able to carry on under those conditions. If he is to pay such rates of interest it will be impossible for him to buy the adjoining farm or a farm within a few acres of his own upon which to establish his son or sons. The great trouble has been that the farmer has had to pay altogether too much in the way of rate of interest. He cannot bear up under this load, nor will he be able to throw off the yoke unless we can help him to secure cheaper money. I claim, therefore, that the rural credits bill is the most important piece of legislation that has ever been submitted to this House and it calls for the most careful consideration.

On the order paper I asked the question whether the government will provide in the rural credits legislation that borrowers under the ten-year period shall pay not more than 5 per cent on their loans, and those borrowing for a longer period than ten years, not more than 4½ per cent. I certainly do not think that farmers who borrow from the Dominion should be asked to pay more than 4½ per cent. They cannot make both ends meet if they do. The government have not specified the rate of interest that will be charged, having left that question open; but when the matter comes up for consideration in due course I think that my labour friends and hon. gentlemen of the Progressive party, as well as hon. members on both sides, should ask the government and the Finance minister to see to it that those provinces which take advantage of the $10,000,000 loan shall charge the farmer no more than 4 or 4½ per cent for the money he borrows. Remember that the farmer with a family of eight, ten, fifteen of twenty children, such as we find in my county, pays these children nothing in the way of wages, and even then, notwithstanding the cry raised against the agriculturist about the prices he charges for his produce, he cannot make ends meet simply because of the extortionate rates of interest he must pay. In my opinion the solution would be for the government to borrow money at, say, 3 per cent. The banks to-day do not pay more than 1½ or 2 per cent on their deposits. I would ask my hon. friend from St. Lawrence-St. George (Mr. Cahan) this question: Do the banks pay more than 1½ or 2 per cent? The hon. member will not answer. To my mind he is the best posted man in this House on banking and he knows that the banks do not pay more than 1½ or 2 per cent. And I will tell you why. The hon. gentleman is as foolish as a fox; he will not answer me. If you examine the statements of the banks you will find that two-thirds of the money on deposit is in the savings department at 3 per cent, while one-third is in current accounts bearing no interest. We may therefore discount that one-third, and that means that they pay 2 per cent. The banks do not pay you any interest if you deposit your money on the second or any

other date during the month; you must deposit on the first, otherwise you lose your interest for the balance of the month. But when you borrow they charge interest from the moment you get the loan. It is not surprising, therefore, that the banks can put aside these wonderful reserves and pay their shareholders 10, 12, 13 and 14 per cent. No man knows better than I do that the banks now in Canada are as strong as the rock of Gibraltar; they are strong and powerful. I know it, and I am proud of it. But I say that it is immoral that they should declare dividends of 12, 13 and 14 per cent to their shareholders. Any man should be content to have his money safe in their vaults and draw 6, 7 or 8 per cent. That is why the farmers are paying so much for their money, and I defy any accountant or any banker to stand up in this House or elsewhere and contradict the statement I have just made.

The hon. member for Marquette (Mr. Mullins) the other night stated that when there was a financial crisis in his county the manager of a small local branch had to write to the home office in Toronto or Montreal before he could make a small loan to a client to finance the shipping of grain or cattle. Why should these branch managers be restricted to that extent? It is simply because they are limited to a certain amount in each of these branch banks, whereas the large deposits held by the banks are sent to New York on what they term "call loans." In 1907 I happened to be in the city of Calgary when that terrible financial crisis took place, and out of sixteen or seventeen banks only one or two would lend to any of its customers. The managers had received telegrams from their home offices, either in Toronto or Montreal, to refuse advances to any person. I met a man in Calgary that day whom certain hon. members know, and one of the biggest merchants in the west, and I had to assist him in a small way because he could not get any money from his bank. I ask my friend from St. Lawrence-St. George (Mr. Cahan): Where was the money? It was in New York with the gamblers. Millions of Canadian dollars are sent down to the gamblers there, thus depriving our trade and industry of the money it requires.

I am not trying to make a speech to the gallery, I am just giving my impressions as a business man. I am talking of a subject which I understand, and I defy any banker to contradict me, although he may not like what I am saying. Why this timidity in the House of Commons about our banks? Why is the question of banking not broached by my friend across the way, the ex-Minister of Militia (Mr. Mewburn), one of our old loves? He understands what I am talking about. We are not attacking the banks. As I understand it, we are a big family representing the Canadian people. We are not attacking the banks, we are in a sense working as a close corporation in the interests of the people generally, and if we help the banks they should help us. I am giving the House to-night what to my mind is a solution of our banking problem. We must not allow the banks any more than we allow the railroads to go ahead without proper regulation, and without letting them know that we in this House understand the situation just as well as they do.

Mr. BAKER: Supposing after the war our banks had stopped discounting our paper, where would we be to-night?

Mr. WILSON (Vaudreuil): They did stop discounting with certain people—they were taking great precautions.

Mr. BAKER: Then give the banks credit for what they did.

Mr. WILSON (Vaudreuil): Many years ago a certain bank made me walk my room for months and months and refused to discount my paper although I showed a growing profit every year. Then I met a friend who asked me how much I owed the bank. I told him. At once he said, "You don't owe them enough."

Mr. BAKER: They gave the hon. gentleman credit—so would anybody in the House.

Mr. WILSON (Vaudreuil): I do not understand my hon. friend.

Mr. BAKER: They played fair with you.

Mr. SPEAKER: Order.

Mr. WILSON (Vaudreuil): I am not worrying. My hon. friend can ask me any question he likes. I am talking on a very serious subject. As I was saying, Mr. Speaker, my bank made me walk my room for months although my statement showed a growing increase. When I told one of my friends the situation I was in and that I would have to go into bankruptcy unless my paper was discounted as it usually was, but owing to the stringency of the money market my bank could not advance me any more money, having made large loans elsewhere in other quarters, he advised me, as I say, to get into my bank much deeper. This I did. Then I slept while the bank did the walking.

I know my friends opposite would be very much disappointed if I did not deal with one

item of the budget—the income tax. I believe our friends across the way would have raised the roof with their applause if one of their number had been able to bring down the budget of our Minister of Finance. It is easily seen by everybody that the new income tax provision is intended to reach wealthy individuals—there is no doubt about that—wealthy individuals who have so far succeeded in evading the surtax and the super tax by incorporating themselves into joint stock companies and only paying the corporation tax of 10½ per cent. They will now have to pay from 30 to 50 per cent upon their dividends. The double taxation, that is, the corporation now pays upon its profits 9 per cent, and the dividend owner pays his tax—there is where the howl comes in. Let us see how it works out. To-day the corporation pays one-seventh less than under the old tax, consequently it can now pay 8 per cent to its shareholders instead of 7 per cent. These facts are absolutely uncontradictable. My friend from West York (Sir Henry Drayton) knows that the corporations are paying one-seventh less; consequently they can pay one per cent more to their shareholders and still come out the same as before. I admit the big man over $10,000 will pay more, and that is the man we are after. Unfortunately I happen to be one of the greatest victims of that law, I am glad to say. I do not think many men in this House will be affected as much as I will be affected by this attack which the Minister of Finance has introduced into this House, but I am willing to make the sacrifice for the state, and I hope my hon. friends opposite will do the same, remembering that those sacrifices are only temporary. We are only lending the money to the government and from what I can see, if we remain members of parliament we will get it back. When the election was announced they came and asked me to save the country; two Liberals were running, and they were afraid a Conservative would step in and win out. A deputation of about 5,000 people, including many Conservatives, asked me to run. I capitulated and here I am. They said, "Come along; the election won't cost you a cent."

I am reminded, Mr. Speaker, of two men in a county not far from my own who were selected as candidates, one for each party. They were neighbours, and one said to the other, "Baptiste, how much did you get from the party?" Baptiste said, "$3,000; how much did you get?" The first man said, "$3,000. We would be fools to spend this money; let's get into the same buggy and go round and shake hands with everybody and save our money." So they started out, and when they got to a certain part of the county they asked how it was going, and the answer was, "Oh, very doubtful, very dangerous; if you don't spend money you will both be beaten."

For the edification of my good friend the ex-Minister of Finance (Sir Henry Drayton) I would like to give one example which applies to all the figures which may be mentioned in regard to income tax. Surtax and supertax are paid, under the old law, only when above $5,000. If a corporation shows a dividend income of $10,000, under the old law the tax would amount to $115, leaving a net income of $9,885. According to the new tax the increased dividend amounts to $100, with a tax of $262, leaving a net income of $9,838, or a difference of about $46, so why should any howl be made?

The hon. member for West York stated in his brilliant speech that:

> If the average Canadian income from dividends of Canadian companies was $7,000, the government would receive $8,750,000 more than last year, and if the average was $10,000 the extra collections would be $12,500,000.

This is just what the Minister of Finance wants; this is just what the government wants, and what the people of Canada want; they want to reach the millionaire, and they are doing so. The hon. member forgot to say, however, that the dividend holders would now receive more from their corporations, and the government will receive less from the corporations. The excess revenue that he mentions will be sliced off the millionaire's melon, and I will have to contribute my slice. I am bound to admire the ex-Minister of Finance; he is a great artist and can paint a most dismal picture or a most brilliant picture, as circumstances demand. The dividend owner now pays exactly the same tax as the salaried or business man, although the dividend owner does not work for his money. The majority of investors are wage earners, professional and unincorporated business men, and this scheme affords great relief to the bulk of Canadian workers and small investors.

Now, gentlemen, I have here clippings from a hundred newspapers. I will not read them all, but there are one or two which I think are important.

> Mr. Robb's objective is obvious: he is directing his main attack against the larger private incomes and "unearned increment" derived from invested capital, and plans to afford some alleviation to the recipients of smaller salaries and wages. The theory of his plan is just and has the support of almost every class, including those adversely affected...
>
> "For some time past many wealthy individuals have successfully evaded the heavy assessments of surtaxes and supertaxes by the simple expedient of incorporating themselves and paying only the "corporation tax" of

10-1/2 per cent. The revenue from these private corporations probably ran far in excess of their living requirements, and the owner would draw down in dividends or salary only enough to cover his expenditure, and on this amount only would he pay tax, at the usual rate for individuals...

And so on.

"Those in receipt of salaries and wages which are declared to government by their employers have never had any possible means of evasion and have undoubtedly, proportionately, borne the brunt of income taxation in the past. They are now given a considerable measure of relief by the increase in the amount of statutory exemption and in the low scale of taxation governing lower amounts...

I have hundreds of extracts of that kind which I will not read. Hon. gentlemen opposite have been very courteous to me tonight, but in conclusion I wish to say something regarding concealed bonds and securities. I want to impress upon the Minister of Finance that there are concealed bonds, coupons and securities hidden away in strong boxes throughout this country, not paying their honest taxes to the government. I want to say on the floor of this House that I believe some people are concealing their securities, bonds and coupons payable to bearer, and thus cheating this country of its just dues. These men are despicable; they should not be called Canadians, and I claim that the Minister of Finance, who has it in his power, should start the machinery to break into these strong boxes, if necessary, and make the owners of these concealed bonds pay what is due the government. I am not exaggerating when I make that statement. By what means can he do it? It is rather difficult to know. It is almost as difficult as to find out in the customs probe who is doing the smuggling—difficult when you get all sorts of people coming forward who will swear but not bet. I claim that the Minister of Finance and the government, who are striving by every means to increase the revenue of this country, should see to it that the man who is hiding coupon bonds and trying to defraud the government and the common people of this country who are earning their living by the sweat of their brow should be brought before the criminal courts of this country. How are you going to reach them, Mr. Minister? Reach them, if necessary, by printing a proclamation in the newspapers of this country stating that in the case of any man who conceals bonds and does not report his income therefrom in the regular way, when he dies and a statement of his affairs has to be made to the government of the province in which he lives for succession duties, his whole estate will be confiscated. That man will then start thinking of his family and pay his honest debts. That is my advice, Mr. Minister, on that question, and I think in that way the treasury of this country would be the richer by several million dollars.

There is an hon. member of this House for whom I have a great admiration. I have not the pleasure of knowing him very intimately, but I have listened to all his speeches, and I consider that he is a very valuable man to the country, but like most great men he goes wrong sometimes. All great men have their weaknesses. I am now alluding to the hon. member for Winnipeg North Centre (Mr. Woodsworth). He stated in the House the other day:

I believe we are absolutely right in suggesting that after a certain exemption sufficiently large to enable a man's estate to provide for his immediate dependents, the rest of his estate ought to be very heavily taxed. Personally I would go a great deal further. I would say that it ought to be expropriated.

I do not know whether my hon. friend sent that out as a joker or not, but really it is a very serious thing. I have a high admiration for his ability; I am not trying to throw flowers by any means; that is not my style. Probably he is one of the most valuable men in this House, and we want men in this House like him and his colleague from North Winnipeg (Mr. Heaps). I once belonged to the international union of labour myself. But the hon. member for Winnipeg North Centre would confiscate the capital or estate of a dead man. If that were done, what incentive would there be for a man to increase his capital after he had accumulated sufficient to provide for his immediate dependents? After making a certain amount of money by his ability, by his intelligence, and taking advantage of his opportunities, what incentive would there be for him to continue if all his surplus capital were to be confiscated? It would take the ambition out of a man, and I would point out to my hon. friend that the big financial men of this world who have accumulated large fortunes have done considerable good for their fellowmen. Take Mr. Carnegie, for instance, who happened to make three or four hundred million dollars. He did not carry the gold away with him when he left this world for a better. He did one of the greatest things in the world with his money. He established libraries all through the United States and Canada in any place that required one, to help in educating the people. Take Mr. Rockefeller's son; I happen to know him and the good work he is doing for humanity. Mr. Duke, of the American Tobacco Company, only a short time ago gave between forty and fifty

million dollars for hospital purposes. You gentlemen know what good the great kings of finance are doing with their capital, and remember many of these men came from the labour ranks. They are not men who have had a classical education. Carnegie, Henry Ford and all these men had only the ordinary commercial education. I really fail to see why the hon. member should propound such a theory in this country. To me it sounds too much like Moscow or Russia, if I may say so, to be introduced in the House of Commons of Canada.

I shall not detain the House for more than a few minutes longer. The other side of the House has been very kind to me. I can expect kindness from this side, because they are mostly old friends, but I appreciate the extreme courtesy and attention, numerical and otherwise, that has been accorded me. I have had some very great kindnesses extended to me since I came to this House on the 7th of January. I came here thinking I was a wonderful man, but I had not been here twenty-four hours before I found I was not in the picture. My friend the Minister of National Defence (Mr. Macdonald) and a few other gentlemen were good enough to encourage me along by asking me to lunch, and I have now got sort of acclimatized. My friend the ex-Minister of Finance (Sir Henry Drayton) was also very kind to me, also my friend from East Hamilton Mr. Mewburn, and you, Sir, have also been very kind—and they have not touched me yet. I am going to tell you of the impression I had when I first entered this beautiful building. The first thing I saw when I came in by the Senate entrance was a big blackboard, with the word "Divorce." That was an awful thing to be staring one in the face. I got to the post office, and there I got a lot of printed matter from every department of the government, from the Minister of Agriculture, from the Minister of the Interior, from the Minister of Labour, and the Minister of Finance, informing me on international relations and how to kill moths in winter. I also received an envelope, with my address printed, advising me that there would be a caucus of the Liberal party at eleven o'clock. I thought that was wonderful. The attention given by the staff of the Sergeant at Arms of this House to hon. members is very satisfactory. You get stationery free, consisting of ink, pens, rubber, and pads of paper, maps, et cetera. I thought to myself when I came here first that I was in clover. I find they put me on several committees dealing with astronomy, botany and subjects of that kind, I have commenced to feel very important.

[Mr. L. A. Wilson.]

In conclusion I wish to say something about the railway question. I am sorry to disagree with my old friend of forty years standing (Mr. Maclean, York) on the railway question. My hon. friend wants a marriage of the railway systems of Canada. It is true there is a deficit on the Canadian National railway. The management show there is a surplus, but I do not believe there is any surplus at all. How can there be a surplus when all the members of this House get passes and travel free? I claim there has been a wonderful improvement on the Canadian National railways. There is no doubt about that. I travel on it every day and I have noticed the great improvement in the management of the line and in the deportment of the staff. I think Sir Henry Thornton is a wonderful railway man. He is working for love, I believe.

An hon. MEMBER: Fifty thousand dollars.

Mr. WILSON (Vaudreuil): I would ask my hon. friend to be discreet, and not give the price away. We have in Mr. Beatty a lovable man, trained under one of the greatest men who ever lived in this country and one of my oldest friends, Sir Thomas Shaughnessy. I pause to-night to pay a tribute to his memory. Under the tuition of Sir Thomas Shaughnessy Mr. Beatty learned the railway business and there are few better on this continent. Now, I believe in competition between these two systems. Allow them to be operated separately. If there is not competition between them you will not receive the attention or the satisfaction you are getting at the present time. This country is big enough to support two railway systems. Even though there should be a little deficit of twenty-five millions what does it amount to? The Canadian National Railways employ one hundred thousand people. One of the shops of the system is located in my own county and I know what an amount of good that railway is accomplishing. I know that the town of Coteau is dependent on the workshops of the Canadian National railway. If we consider that the one hundred thousand employees of the system have, on the average, families of three or four it means that half a million persons are dependent on the Canadian National railways for their bread and butter. Destroy that system, root it up, and it would cost you many millions more to support these people if you ever make an amalgamation with the Canadian Pacific. My advice is: Let Mr. Beatty and Sir Henry Thornton remain friendly enemies.

May I draw the attention of the House to the fact that in 1908 I sent a Christmas

card to my friends, bearing the following poetic greeting:

Men should be judged not by their tint or skin,
The gods they serve, the vintage that they drink,
Nor by the way they fight or love or sin,
But by the quality of thought they think.

I happened to send one of those cards to a friend—the friend of both sides of this House—the then Prime Minister of Canada. The right hon. gentleman in question replied to me as follows:

Prime Minister's Office, Canada,
Ottawa, Dec. 26, 1908.

My dear Larry,

I received this morning your Christmas greeting and I will not lose one moment before sending you my thanks.

The ranks are getting thinner and thinner of the old friends who, in the early years of my career, urged me on, helped me and assisted me. You are one of them. To them and to you especially my heart goes with ever growing gratitude.

May the new year be to you a year of prosperity and happiness.

This is the wish of your old friend,

WILFRID LAURIER.

This shows the sentiment and the heart of a man we all respected and revered. Let us follow his example and harmony will reign forever in our beloved Canada.

Mr. H. C. McKILLOP (West Elgin): Mr. Speaker, in the first place I wish to congratulate the last speaker on the very entertaining and humorous address with which he has entertained the House.

I realize that the hour is getting late and for that reason I shall curtail my remarks; I promise not to detain the House for any length of time. There are, however, one or two problems to which I wish to draw the attention of the government and more especially of the Finance minister (Mr. Robb). The budget as brought down has dealt with only one industry in Canada. But there are a great many other industries that are hoping against hope that the government will provide a little more protection for their needs. I am afraid they are going to be disappointed, nevertheless I hope that before the budget is finally disposed of the Minister of Finance will give due consider-

3 a.m.

ation to the industries whose situation I am going to bring to his attention, and will see that they are given a little more protection.

There is a class of citizen of our country who want and need protection very badly. I refer to the truck farmer or the market gardener, of whom there are a great many throughout Canada. Now these farmers, owing to our geographical situation, are labouring under a heavy handicap, as the southern states produce each year so much earlier and flood our markets with their produce for which they obtain the highest prices; then when our farmers' produce is ready for market they frequently find the market filled up, or at least filled to such an extent that they have to take a very low price for what they have to sell and in a good many instances take a good part of their load back home with them. This, Mr. Speaker, is not as it should be. These farmers are up early and work late to produce these goods and it is certainly not very encouraging to see the cream of this business going to the producers in the south.

For instance last year the following fruits and vegetables were imported:

	Quantity	Value
Apples	150,840 bbls.	$ 800,059
Blackberries, Gooseberries, Raspberries	38,360 lbs.	6,227
Peaches	14,898,566 lbs.	643,001
Pears	20,905,150 lbs.	926,398
Plums	190,756 bus.	495,035
Strawberries	3,168,975 lbs.	607,345
Cabbage	to the value of	221,134
Onions	to the value of	423,546
Potatoes	26,129,680 lbs.	481,933
Tomatoes	329,781 lbs.	1,110,587
Making a total of		$5,715,265

This amount, Mr. Speaker, has gone to enrich the coffers of some other nation, and I am satisfied that if more protection were put on the various articles I have mentioned it would not be long before all the fruit and vegetables needed would be produced in this country and the money kept circulating at home, to the benefit of both producers and consumers alike.

For the last four years I have at every session raised my voice in protest against the low duty on beans coming into this country to the detriment of our own bean producers. For the benefit of those members who came for the first time to this House after the last election, I would just say that the duty on beans coming into this country is now and has been for a good many years just twenty-five cents per bushel, while on beans going into the United States the duty is $1.05 per bushel. In other words, if a bean dealer in the United States wants to send a bushel of beans, or for that matter a carload, into this country he has to pay 25 cents per bushel duty, while on the other hand if a dealer of this country wants to send beans into the republic to the south of us, he has to pay $1.05 per bushel. Now just to show how this is worked out to the detriment of the bean producer of this country, I want to

go back to the years from 1891 to 1901. For that period of ten years the average annual amount of beans produced in this country was 875,000 bushels, but in the year 1901 there were imported into this country 11,000 bushel of beans. From that time on the production of beans in this country steadily grew smaller while the importations increased by leaps and bounds, until we find that in the year 1920 there were produced in this country only 388,000 bushels of beans, while in the same year 444,000 bushels were imported. In other words, for the year 1920 there were 56,000 bushels more imported than there were produced in Canada. I think that all hon. members will agree with me that that is a big change in this one industry in twenty years, all owing to the low duty of 25 cents per bushel on beans coming into our country. And further importations were as follows for the five years from 1921 to 1925:

Year	Bushels	Value
1921..	203,725	$637,632
1922..	148,157	376,792
1923..	329,974	777,214
1924..	298,647	754,090
1925..	150,524	350,369
Total..	1,131,027	2,746,097

In other words, nearly $3,000,000 has gone from Canada to enrich the producers of this commodity in some other country, while here at home many of our producers are still holding their last year's stock. For the months of January and February, and March of this year beans to the extent of 68,167 bushels, valued at $146,907 have come in under this low duty.

Now, Mr. Speaker, I do not think that this is fair or equitable to the bean producers of this country, and I sincerely hope that this duty on beans will be raised as high as the duty imposed by the nation to the south of us on the same product. I want to say that as long as I am a member of this House I will continue to fight for an increase of this duty, because in doing so I contend that I am only trying to get justice for our bean producers.

There are a great many industries in this country that need more protection than they have at present, such as our woollen mills, our knitting plants, our coal fields, our pulp wood industry, and many others I could mention. It is my humble opinion that if, instead of spending so much money trying to get immigrants into this country, the government would increase protection all round and get the wheels of industry turning, there would be no need to spend money trying to get people to come here; because as soon as it is known abroad that there is plenty of work in Canada, people will flock here by the thousands and in this way our great Dominion will be built up and will soon become one of the greatest nations in the world.

Mr. F. P. QUINN (Halifax): I would not trespass on the valuable time of the House at this late hour, and indeed it had not been my intention until a very short time ago to say anything at all, but for the fact that after listening to the splendid address of the hon. member for Shelburne-Yarmouth (Mr. Hatfield) last night, and having read some of it to-day in Hansard, I thought I would reply, however briefly, to some of the criticisms he levelled at some of the Maritime representatives in this parliament on the grounds upon which they conducted their campaign and upon which they were elected. As the hour is so late I will not discuss the point at any length, but I should like to quote just a sentence of what the hon. member had to say. For instance:

> If my hon. friend will permit me to say so, this government has done the only thing done by any government to help Nova Scotia.

He went on to point out that the government had appointed a royal commission to investigate Maritime rights. Now the reason why there are so many representatives from the Maritime provinces on this side of the House is the fact that nothing has been done either by this or any previous government to assist either Nova Scotia or the other Maritime provinces. I make this statement in no partisan spirit, for the fact is that every parliament, Liberal and Conservative alike, has ignored the rights of the Maritime provinces. We feel that we have not received justice at the hands of confederation. On a former occasion on which I addressed the House I referred at some length to this question, and indicated why we Maritime righters, as we have been called, were elected. We were elected to press the claims which Nova Scotia, New Brunswick and Prince Edward Island justly have against the Dominion and which have been consistently ignored.

Just a word or two now with regard to the budget. I do not feel justified in supporting the budget. The Minister of Finance (Mr. Robb), in presenting his statement, referred to it as a poor man's budget. I may be lacking in intelligence but I must confess that I cannot see in what respect this budget will be of any advantage to the poor man. Take for instance the reduction in automobile duties. Will that affect the poor man in any way? And when I speak of the poor man I am referring to wage earners whose income seldom exceeds $2,000. Are they interested in the purchase of automobiles? Take again the increased exemptions in income

tax: is that a matter of interest to the poor man? And the reduction in postage: to what extent does that affect the poor man's purse? The average workingman writes two letters a week. That is a matter of $1 spread over a period of twelve months.

I do not know that there is anything else the government can boast about, apart from the slight reduction of 2½ per cent in the sales tax on canned fish. This will mean very little to the average wage earner. Had the Minister of Finance been sincere the first thing he would have done would have been to eliminate altogether the 5 per cent sales tax which this government imposed upon the people; for that would have been of direct advantage to every man, woman and child in Canada. I leave that suggestion for his consideration.

Just before the budget was brought down I happened to read an editorial from the Labour Gazette from which I took the following quotation:

> The tariff changes will lead to restriction of opportunities of employment without providing any commensurate benefit to the wage earner generally.

There is the opinion of the Labour Gazette. Further on, referring to the tariff board—and I call this particularly to the attention of the Labour representatives—the Gazette has this to say:

> In the creation of the tariff board organized labour has been given no consideration, for there is no group in Canada whose interests are more vitally affected by the tariff reductions.

I am not going to say more, but I want to read to the House something which were it possible under the rules to do so, I would move by way of amendment to the budget. I know it is not in order to propose a second amendment, but if I could submit one it would be to the following effect:

> That conditions in the Maritime provinces, especially with regard to employment and markets for basic products, such as coal and steel are at this very time alarming.
>
> That as a consequence people are leaving for other lands in numbers unnaturally large.
>
> That remedial measures have been already too long delayed.
>
> That such conditions are due in no small degree to tariff reductions made in recent years, especially in respect of steel, which discriminate against the Maritime provinces.
>
> And the House regrets that the budget of the minister of Finance contains not the slightest promise of relief.

Mr. J. H. HARRIS (Toronto-Scarborough): In the space of just two minutes I want to say what in my opinion the policy of this government means to this Dominion. To my mind it is a tragedy that in this day and generation we should find in Canada a government, which is supposed to comprise the brightest minds in the country, utterly unable so to deal with our fiscal problem as to inspire the ordinary wage earners with confidence not only in themselves but in the country. Our people are leaving Canada for foreign shores to seek the employment which they are unable to find at home. It is most unfortunate that representatives of the Canadian government and representatives of our leading manufacturing industries, particularly of Ontario, including the producers of motor cars, should not find it possible to come together and decide upon a policy in the interests of the country.

I might mention again what I dealt with in some detail in the debate on the Address. The longer the Liberal party stays in power the more are we getting out of balance with regard to the number of our people engaged in the production of raw material as compared with those employed in the production of manufactured goods. Whereas in the United States every year more and more men are engaged in the various processes of manufacturing and a diminishing number are employed on rough labour, in this country the conditions are reversed. What is the reason? The United States consistently adheres to a protective policy, while under this government Canada is handicapped by an unstable tariff policy.

And the government has gone a step further. Under this budget the imposition of double income tax will discourage the investment of money in Canadian industries. This is another example of how the industrial life of the Dominion is being crippled by the ineptitude of this government.

The House divided on the amendment (Mr. Manion) which was negatived on the following division:

YEAS

Messrs.

Anderson (Toronto High Park),	Cantley,
Anderson (Halton),	Casselman,
Armstrong (Timiskaming South),	Chaplin (Kent, Ont.),
Armstrong (Lambton East),	Chaplin (Lincoln),
Arthurs,	Charters,
Baker,	Church,
Barber,	Clark,
Bell (Hamilton West),	Cotnam,
Bell (St. Antoine),	Culligan,
Bell (St. John-Albert),	Davis,
Bennett,	Dickie,
Black (Yukon),	Doucet,
Bowen,	Drayton (Sir Henry),
Boys,	Duncan,
Bristol,	Edwards (Waterloo South),
Bury,	Edwards (Frontenac-Addington),
Cahan,	Embury,
	Ewing.

Fish,
Flemming,
Foster,
Fraser,
Garland (Carleton),
Geary,
Gott,
Grimmer,
Guthrie,
Hamilton,
Hannesson,
Harris,
Hay,
Hocken,
Hodgins,
Hubbs,
Johnstone (Cape Breton North-Victoria),
Jones,
Kaiser,
Kennedy (Winnipeg South Centre),
Ladner,
MacDonald (Cape Breton South),
Macdonald (Kings),
Macdonald (Richmond), West Cape Breton),
MacLaren,
Maclean (York South),
MacNutt,
McClenaghan,
Macdougall
McGibbon,
McKillop,
McQuarrie,
Maloney,
Manion,
Maybee,
Messervy,
Mewburn,
Morand,
Murphy,
Nicholson,
Peck,
Perley (Sir George),
Pettit,
Preston
Price,
Quinn,
Robinson,
Rogers,
Ross (Kingston City),
Rowe,
Ryckman,
Ryerson,
Senn,
Short,
Simpson,
Sinclair,
Smith,
Smoke,
Spence (Parkdale),
Stansell,
Stevens,
Stewart (Leeds),
Stirling,
Sutherland (Oxford South),
Sutherland (Oxford North),
Thompson,
Tolmie,
Tummon,
White (London),
White (Mount Royal),
Wilson (Wentworth),
Wright.—108.

NAYS.

Messrs.

Baldwin,
Beaubien,
Benoit,
Bettez,
Bird,
Boivin,
Bothwell,
Bouchard,
Boucher,
Bourassa,
Boutillier,
Brown,
Campbell,
Cannon,
Cardin,
Carmichael,
Casgrain,
Coote,
Cross,
Delisle,
Denis (St. Denis),
Denis (Joliette),
Desaulniers,
Descouteaux,
Dionne,
Donaghy,
Donnelly,
Dubuc,
Duff,
Dunning,
Dussault,
Elliott,
Euler,
Evans,
Evanturel,
Fafard,
Fansher,
Fiset (Sir Eugene),
Forke,
Fournier,
Gardiner,
Garland (Bow River),
Gershaw,
Gervais,
Girouard,
Goodison,
Goulet,
Guérin,
Hall,
Hatfield,
Heaps,
Heenan,
Howard,
Jacobs,
Jelliff,
Jenkins,
Johnston (Long Lake),
Kay,
Kennedy (Peace River),
King (Huron North),
King (Kootenay East),
Lacombe,
Lacroix,
Laflamme,
Lanctot,
Langlois,
Lapierre,
Lapointe,
Lavigueur,
Letellier,
Lovie,
Lucas,
Macdonald (Glengarry),
Macdonald (Antigonish-Guysborough),
MacLean (Prince),
McLean (Melfort),
Macphail (Miss),
McIntosh,
McKenzie,
McMillan,
McPhee,
Malcolm,
Marcil,
Mercier (Laurier-Outremont),
Mercier (St. Henri),
Millar,
Morin (Bagot),
Morin (St. Hyacinthe-Rouville),
Motherwell,
Neill,
Parent,
Perras,
Power,
Prevost,
Raymond,
Rhéaume,
Rinfret,
Robb,
Roberge,
Robichaud,
Robitaille,
Ross (Moose Jaw),
St. Père,
Sanderson,
Séguin,
Spence (Maple Creek),
Spencer,
Steedsman,
Stewart (Edmonton West),
Stork,
Sylvestre,
Tobin (Richmond-Wolfe),
Tobin (Wetaskiwin),
Totzke,
Vallance,
Verville,
Ward,
Wilson (Vaudreuil-Soulanges),
Woodsworth,
Young (Saskatoon),
Young (Weyburn.—121.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs.

King (Prince Albert), Meighen,
Deslauriers, Langworthy,
Pouliot, Lennox,
Howden, Mullins,
Cahill, O'Neill,
Fontaine, Chabot,
Speakman, Black (Halifax).

Mr. MACKENZIE KING: I was paired with the right hon. leader of the opposition (Mr. Meighen). Had I voted I would have voted against the amendment.

Mr. O'NEILL: Mr. Speaker, I was paired with the hon. member for Pontiac (Mr. Cahill). Had I voted I would have voted in favour of the amendment.

Mr. DESLAURIERS: Mr. Speaker, I was paired with the hon. member for Port Arthur (Mr. Langworthy). Had I voted, I would have voted against the amendment.

Mr. HOWDEN: I was paired with the hon. member for Marquette (Mr. Mullins). Had I voted I would have voted against the amendment.

Mr. SPEAKER: The question is now on the main motion.

Sir HENRY DRAYTON: The same division.

Mr. SPEAKER: Shall I say carried on the same division?

Some hon. MEMBERS: No, no.

The House divided on the main motion (Mr. Robb) which was agreed to on the following division:

YEAS

Messrs.

Baldwin,
Beaubien,
Benoit,
Bettez,
Bird,
Boivin,
Bothwell,
Bouchard,
Boucher,
Bourassa,
Boutillier,
Brown,
Campbell,
Cannon,
Cardin,
Carmichael,
Casgrain,
Coote,
Cross,
Delisle,
Denis (St. Denis),
Denis (Joliette),
Desaulniers,
Descoteaux,
Dionne,
Donaghy,
Donnelly,
Dubuc,
Duff,
Dunning,
Dussault,
Elliott,
Euler,
Evans,
Evanturel,
Fafard,
Fansher,
Fiset (Sir Eugene),
Forke,
Fournier,
Gardiner,
Garland (Bow River),
Gershaw,
Gervais,
Girouard,
Goodison,
Goulet,
Guérin,
Hall,
Hatfield,
Heaps,
Heenan,
Howard,
Jacobs,
Jelliff,
Jenkins,
Johnston (Long Lake),
Kay,
Kennedy (Peace River),
King (Huron North),
King (Kootenay East),
Lacombe,
Lacroix,
Laflamme,
Lanctot,
Langlois,
Lapierre,
Lapointe,
Lavigueur,
Letellier,
Lovie,
Lucas,
Macdonald (Glengarry),
Macdonald (Antigonish-Guysborough),
MacLean (Prince),
McLean (Melfort),
Macphail (Miss),
McIntosh,
McKenzie,
McMillan,
McPhee,
Malcolm,
Marcil,
Mercier (Laurier-Outremont),
Mercier (St. Henri),
Millar,
Morin (Bagot),
Morin (St. Hyacinthe-Rouville),
Motherwell,
Neill,
Parent,
Perras,
Power,
Prévost,
Raymond,
Rhéaume,
Rinfret,
Robb,
Roberge,
Robichaud,
Robitaille,
Ross (Moose Jaw),
St-Père,
Sanderson,
Séguin,
Spence (Maple Creek),
Spencer,
Steedsman,
Stewart (Edmonton West),
Stork,
Sylvestre,
Tobin (Richmond-Wolfe),
Tobin (Wetaskiwin),
Totzke,
Vallance,
Verville,
Ward,
Wilson (Vaudreuil-Soulanges),
Woodsworth,
Young (Saskatoon),
Young (Weyburn.—121.

NAYS.

Messrs.

Anderson (Toronto High Park),
Anderson (Halton),
Armstrong (Timiskaming South)
Armstrong (Lambton East),
Arthurs,
Baker,
Barber,
Bell (Hamilton West),
Bell (St. Antoine),
Bell (St. John-Albert),
Bennett,
Black (Yukon),
Bowen,
Boys,
Bristol,
Bury,
Cahan,
Cantley,
Casselman,
Chaplin (Kent (O.))
Chaplin (Lincoln),
Charters,
Church,
Clark,
Cotnam,
Cullingan,
Davis,
Dickie,
Doucet,
Drayton (Sir Henry),
Duncan,
Edwards (Waterloo South),
Edwards (Frontenac-Addington),
Embury,
Esling,
Fish,
Flemming,
Foster,
Fraser,
Garland (Carleton),
Geary,
Gott,
Grimmer,
Guthrie,
Hamilton,
Hannesson,
Hanson,
Harris,
Hay,
Hocken,
Hodgins,
Hubbs,
Johnstone (Cape Breton North-Victoria),
Jones,
Kaiser,
Kennedy (Winnipeg South Centre),
Ladner,
MacDonald (Cape Breton South),
Macdonald (Kings),
Macdonald (Richmond-West Cape Breton),
Macdougall,
MacLaren,
Maclean (York South),
MacNutt,
McClenaghan,
McGibbon,
McKillop,
McQuarrie,
Maloney,
Manion,
Maybee,
Messervy,
Mewburn,
Morand,
Murphy,
Nicholson,
Peck,
Perley (Sir George),
Pettit,
Preston,
Price,
Quinn,
Robinson,
Rogers,
Ross (Kingston City),
Rowe,
Ryckman,
Ryerson,
Senn,
Short,
Simpson,
Sinclair,
Smith,
Smoke,
Spence (Parkdale),
Stansell,
Stevens,
Stewart (Leeds),
Stirling,
Sutherland (Oxford South),
Sutherand (Oxford North),
Thompson,
Tolmie,
Tummon,
White (London),
White (Mount Royal),
Wilson (Wentworth),
Wright.—108.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs.

King (Prince Albert),
Deslauriers,
Pouliot,
Howden,
Cahill,
Fontaine,
Speakman,
Meighen,
Langworthy,
Lennox,
Mullins,
O'Neill,
Chabot,
Black (Halifax).

Mr. MACKENZIE KING: I was paired with the right hon. leader of the opposition (Mr. Meighen). Had I voted I would have voted for the motion.

Mr. O'NEILL: I was paired with the hon. member for Pontiac (Mr. Cahill). Had I voted I would have voted against the motion.

Mr. HOWDEN: I was paired with the hon. member for Marquette (Mr. Mullins). Had I voted I would have voted for the motion.

Mr. DESLAURIERS: Mr. Speaker, I was paired with the hon. member for Port Arthur (Mr. Langworthy). Had I voted I would have voted in favour of the motion.

WAYS AND MEANS

CUSTOMS TARIFF, 1907, AMENDMENT

The House in committee of Ways and Means, Mr. Duff in the chair.

The CHAIRMAN: I will read the resolution:

1. Resolved, That the Customs Tariff, 1907, be amended by repealing subsection 1 of section 3 and substituting therefor the following—

Mr. ROBB: I move that the committee rise and report progress.

Progress reported.

PRIVATE BILLS COMMITTEE

Right Hon. W. L. MACKENZIE KING (Prime Minister): With the unanimous consent of the House I would like to move that the name of Mr. Cannon be substituted for that of Mr. Goodison on the select standing committee on Miscellaneous Private Bills.

Mr. SPEAKER: By unanimous consent the House reverts to motions.

Motion agreed to.

On motion of Mr. Mackenzie King the House adjourned at 4.34 a.m. (Wednesday).

Wednesday, May 19, 1926

The House met at three o'clock.

PRIVATE BILL

FIRST READING

Bill No. 113, respecting the Bronson Company.—Mr. McClenaghan.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

MONTREAL AND QUEBEC HARBOUR COMMISSIONERS

Mr. BELL (St. John and Albert):

Who are the officials connected with the harbour boards of Montreal and Quebec other than members of the harbour boards commissions, and what are their salaries?

Hon. Mr. CARDIN:

The names of the principal officials of the harbour boards of Montreal and Quebec, are as follows:

[Mr. Howden.]

Montreal Harbour Commission:

Thos. W. Harvie, general manager; Thos. F. Trihey, secretary; George E. Smart, comptroller; M. P. Fennell, Jr., director of trade and transportation; Paul Leclaire, chief engineer; F. W. Cowie, consulting engineer; Capt. J. F. Symons, harbour master; John Vaughan, Supt. of railway terminals; M. Peterson, Sup. of grain elevators.

Quebec Harbour Commission:

Charles Smith, K. C., secretary treasurer and legal adviser; Brig. Gen. T. L. Tremblay, chief engineer and general manager; Ernest H. S. Woodside, comptroller and chief accountant; Capt. A. Landry, harbour master; Louis Fortin, traffic manager; H. Peterson, grain elevator superintendent.

The government does not consider that it is in the public interest to require the harbour commissioners to furnish details of the salaries which they pay to these officials of their organization. The commissioners have power under their Act of Incorporation to appoint their own officials and to fix their salaries, and there is nothing in that act which requires the submission of proposed salaries to the government.

COST OF COLLECTION OF TAXES

Mr. DOUCET:

What was the cost of the collection: (a) of the income tax, (b) excise tax, (c) customs duties up to the end of March, for the years 1921, 1922, 1923, 1924, 1925 and 1926, respectively?

Hon. Mr. BOIVIN:

It is not possible to state separately the amounts paid for the collection of taxes as distinguished from amounts paid for other customs excise services such as prevention of smuggling and illicit distillation of spirits, registration of vessels, administration of laws and regulations affecting imports and exports, etc. The total cost of collecting the income war tax and the business profits tax for the said years, was as follows:—

1920-21	$1,953,988 54
1921-22	2,277,349 78
1922-23	2,040,461 08
1923-24	1,935,242 19
1924-25	1,693,025 23
1925-26	1,724,159 39

CIVIL SERVICE SUPERANNUATION ACT

Hon. Mr. STEVENS:

1. What is the total number of civil servants who were eligible to voluntarily elect to come under the provisions of the Superannuation Act of 1924 at the time of the passing of the act?

2. What is the total number of those thus eligible who have up to the present date declared their intention to come under the scope of the said act?

Hon. Mr. ROBB:

1. A return presented to the House last session indicated that the number thought to be eligible was in the neighbourhood of 25,000.

2. 12,224.

JUVENILE COURTS IN CANADA

Mr. WOODSWORTH:

1. How many juvenile courts are there in Canada?

2. By whom may judges of juvenile courts be appointed?

3. By whom are juvenile court judges paid?

4. What are the names of the judges of juvenile courts in Canada who have received their appointment by order of the Governor in Council?

5. In what provinces is the Juvenile Delinquents Act, 1908, in effect throughout the entire area of such provinces?

6. In what provinces does the jurisdiction of the juvenile courts cover children up to eighteen years of age?

7. How many juvenile court judges are there, (a) in the province of Manitoba, (b) in the province of Saskatchewan, (c) in the province of Alberta, and (d) in the province of British Columbia?

Hon. Mr. LAPOINTE:

1. The act has been proclaimed to be in force throughout four provinces, six counties, one district, twelve cities, four towns. The exact number of courts in operation is not known.

2. Where the act has been put into force in any city, town or other portion of a province under section 35, the Governor in Council may designate a superior court or county court judge or a justice having jurisdiction in the city, town or other portion of a province in which the act is so put in force to act as juvenile court judge for such city, town or other portion of a province. Where the legislature of any province has passed an act for the establishment of juvenile courts or for designating any existing courts as juvenile courts, and the Dominion act has been put into force in such province or part thereof under the provisions of section 34, the juvenile court judges may be appointed or designated in the manner provided by the provincial act.

3. The remuneration of these judges must be provided for locally without recourse to the federal authorities.

4. The following judges have been designated by the Governor in Council:—Hon. T. M. Daly, Winnipeg; G. O'Keefe, Ottawa; A. E. Bull, Vancouver; John A. Macdonald, Charlottetown; Judge Wallace, Halifax; J. E. Starr, Toronto; J. J. Coughlin, Stratford; S. Atkinson, Haileybury; A. Weir, Berlin; Judge Patterson, New Glasgow; Judge Hardy, Brantford; Robert Hawkins, Dauphin; Dr. J. Hunt, Halifax; D. W. McKerchar, Winnipeg; J. R. Blake, Galt; D. B. Harkness, Winnipeg; G. F. Jelfs, Hamilton; Judge McQuarrie, Summerside; E. H. Blois, Halifax.

5. Alberta, Saskatchewan, British Columbia, Manitoba.

6. British Columbia and Manitoba.

7. This information is not in the Department of Justice.

A. F. MITCHELL—ALLEGED DEFRAUDING OF IMMIGRANTS

Mr. MACDONALD (Kings):

1. Is the government aware that an immigration agent named Andrew Fraser Mitchell, appointed to represent Prince Edward Island in Great Britain in the year 1923, whose remuneration was paid by the federal government, has defrauded certain immigrants or intending immigrants of amounts of money aggregating as far as known to about $17,000?

2. Have representations been made to the present government asking for reimbursement for parties so defrauded?

3. Did the legislature of Prince Edward Island pass and forward to the government an address praying for redress in this matter?

4. What action, if any, was taken by the government regarding such representations or address?

5. If such prayers have been refused or declined, upon what grounds?

Hon. Mr. STEWART:

1. The government is aware that one Andrew Fraser Mitchell was appointed by the government of Prince Edward Island to represent it in Great Britain in 1923. No salary was paid by the Dominion government but it agreed with the provincial government to contribute $150 per month on account of expenses for a period of four months.

2. Yes.

3. Yes.

4. (a) Representations were considered but no action taken; (b) Answered by No. 3.

5. The federal government refuses to assume any responsibility for the actions of Mitchell who, as stated, was an appointee of the government of Prince Edward Island.

PRE-EMPTIONS AND PURCHASED HOMESTEADS

Mr. COOTE:

1. What was the approximate area of land disposed of in the province of Alberta under the provisions of the Dominion Lands Act, 1908, up to March 31, 1926, as, (a) pre-emptions, (b) purchased homesteads?

2. What was the approximate gross revenue received from the sale of, (a) pre-emptions, (b) purchased homesteads?

3. What is the approximate amount of arrears owing on the sale of, (a) pre-emptions, (b) purchased homesteads?

Hon. Mr. STEWART:

1. (a) 1,991,840 acres, approximately; (b) 307,040 acres, approximately.

2. (a) $5,432,681.98; (b) $1,027,431.63.

3. (a) Principal $1,439,821.55, approximately; Interest $752,760.16, approximately. (b) Principal $54,166.04, approximately; Interest $25,-833.75, approximately.

DISMISSAL POSTMASTER AT PETIT ROCHER, N.B.

Mr. DOUCET:

1. Was Mr. Sydney DesBrisay dismissed from the position of postmaster at Petit Rocher, Gloucester county, New Brunswick?
2. If so, why was he so dismissed?
3. Were complaints made to the department?
4. Who made such complaints?
5. Was an investigation held, and if so, when?
6. Who was the investigator for the department?

Hon. Mr. LAPOINTE:

1. Dismissal authorized, not effected yet.
2. Political partisanship.
3. Yes.
4. Member for the constituency.
5. Yes, 5th March, 1926.
6. C. T. Richard, barrister, Bathurst.

UNOPPOSED MOTIONS FOR PAPERS

INDIAN AGENT AT CARDSTON

Mr. DAVIS:

For a copy of all letters, telegrams, correspondence and other documents exchanged between the department and any persons whomsoever, with regard to the suspension of Indian Agent Faunt of the Blood Indian reserve at Cardston. Also a copy of the report sent to the department by Inspector Christensen of Regina in this connection.

Hon. Mr. STEWART: I ask that this motion stand.

Motion stands.

PURCHASES OF LAND BY SOLDIER SETTLEMENT BOARD

Mr. BROWN:

For a copy of the report made by Major Barnet to the government in connection with the purchases of land by the Soldier Settlement Board.

LONG TERM FARM LOANS

Hon. J. A. ROBB (Minister of Finance) moved that the House go into committee at the next sitting to consider the following proposed resolution:

That there shall be a board known as the Canadian Farm Loan Board which shall be a body politic and corporate consisting of four members, one of whom shall be the Minister of Finance and the other three shall be appointed by the Governor in Council and of the latter one shall be designated by the Canadian Farm Loan Commissioners.

That the board shall issue farm loan bonds to make long term loans to farmers, and the government of Canada shall provide initial capital for the board to an amount not exceeding five million dollars and subscribe an amount of 5 per cent of the capital stock as loans are made by the board.

[Mr. C. A. Stewart.]

The government of each province in which loans are made shall be required to subscribe to the capital stock of the board as loans are made in such province an amount equal to 5 per cent of the said loans and each borrower an amount of 5 per cent of his loan payable at the time the loan is made. The loans shall be made on the security of first mortgage on farm lands; the interest rate shall be such a rate in excess of the interest payable on the farm loan bonds as is sufficient to provide for the expenses of operation; the farm loan bonds shall be legal investments and may be purchased by the Minister of Finance provided that the amount of such bonds held by him shall not at any time exceed $15,000,000; and the amount of any payment by the government of Canada on account of capital of the board or as payment for farm loan bonds purchased shall be paid out of the consolidated revenue fund on the authority of the Governor in Council.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the House.

Motion agreed to.

NATIONAL RAILWAYS AND SHIPPING COMMITTEE

Hon. CHARLES A. DUNNING (Minister of Railways and Canals) moved:

That rule 10 of the House of Commons relating to the appointment of the select standing committees of the House be amended by adding to the select standing committees of the House for the present session a select standing committee on Railways and Shipping, owned, operated and controlled by the government, to which will be referred the estimates of the Canadian National Railways and the Canadian Merchant Marine for the present session, for consideration and for report to the House. provided, however, that nothing in this resolution shall be construed to curtail in any way the full right of discussion in committee of Supply; and that the said committee consist of Messrs. Bell (St. Antoine), Boys, Campbell, Fiset, Clark, Drayton, Dunning, Euler, Harris, Heaps, Jelliff, Jones, Johnston, Power, Robichaud.

Mr. T. L. CHURCH (Toronto Northwest): I oppose the motion. I do not think it is in the public interest that this committee should usurp the rights of parliament. The committee should not be appointed. The National railway is a public utility which should be operated from the commercial aspect and the country has elected 245 members of parliament as directors to see it is run properly.

We appointed a committee last year to go into the estimates of this particular railway and its operations from the commercial standpoint. The same special committee was appointed two or three years ago and what did it do? It met once in a while. The members of the House could not get any information about the operation of the road unless they were on the committee. Then a

report was presented in the dying hours of the session. Last year the matter was taken up at a quarter past one in the morning of the day the House prorogued. This railway does not pay interest on the debt due the country; $42,000,000 interest is entered as a bookkeeping item. It is a frozen asset. When we ask questions about the operation of the railway and its finances we are told that it is not in the public interest to divulge information. The Canadian Pacific Railway can get it though. We know the salary of the Governor General and the salary of Sir Henry Thornton and the cabinet, but when we ask for the salaries of some of the American imported officials they say the question is out of order. I think the Canadian National Railways should be operated according to business principles free of politics and should be put on a paying basis. From the president down the men on the Canadian Pacific are Canadians, but the National Railways are importing men from the United States and you do not know who they are, what their contracts are or what expenses they incur.

Let us take another case of public ownership, the Hydro-Electric Power Commission, with an investment of $262,000,000. Every year Sir Adam Beck, the late minister, had to meet the House and explain his estimates and he laid all the cards on the table. The Minister of Railway and Canals has had his functions taken away from him and the portfolio might as well be abolished. The railway commission has taken away part of the functions of the Minister of Railways in regard to rates and Sir Henry Thornton has taken away his other functions so that the portfolio itself as I say, might as well be done away with. The other day we asked for an agreement regarding the operation of the National Railways and the giving away of a public franchise of the Grand Trunk Railway on the streets of Detroit including Woodward avenue. Where is that agreement? Will the minister bring it down as he promised? No. On the other hand, Governor Groesbeck called the Michigan legislature on the Fourth of February last and it held a special session to consider that agreement before it was signed, sealed and delivered. Yet we have never seen it and will not until parliament prorogues and the agreement is signed over our heads.

Is this a free parliament or not? Are we conducting business in the way in which it is done in the mother parliament to-day? Does the National Railways belong to the president or to the people of Canada? Is parliament not entitled to this information? We are 245 representatives of the people of Canada; we are trustees of the people; we are asked on the hustings about the Canadian National Railways and no one can answer. Is there unnecessary duplication and waste? Are branch lines being built that are not necessary? Does politics enter into the administration of this railway? I do not believe this committee should be appointed. It is not in the public interest that five or six or ten members of parliament should be selected to take our functions away and to deprive us of our right to consider the estimates of this railway. I am interested in the operation and administration of the National Railways and the true and real success of public ownership in this country, and I do not propose as a member of parliament to sit in this House and see a committee of five or six or ten men who may be appointed, who may or may not be in favour of public ownership, take my rights and privileges away from me. The minister, like every other minister, should bring down and explain his estimates to parliament and all the money expended should be in the public accounts. Why should these things be hidden away so that we cannot find out the salaries of these officials or the details of operation and capital account? We know the salary of the Governor General and what is spent on Rideau Hall. The Hon. the Speaker who is the most important public servant we have in this country, who presides over this House, gives us the details of the expenditure for the maintenance of the services of this House.

Surely it is not in the public interest that parliament should have no control over the most important responsibility we have—the National Railways—on which two billion dollars of the taxpayers' money has been spent. What will happen after this committee makes its report? We shall have to sit here and practically take it as read. The minister's estimates are reached at half past one in the morning; only two or three members discuss them; we ask for information and we cannot get it because the minister says: We will ask the head of the railways, and he will say: It is not in the public interest. Is it Sir Henry Thornton or this parliament that has the final say as to whether such a matter is in the public interest or not? Is he superior to parliament which appointed him and gave him such great powers? We see instances that indicate that this road is not being administered in a commercial and businesslike way; day after day hon. members ask for information and the minister says: It is not in the public interest to furnish it. It is in the public in-

terest of the Ontario legislature to give information in connection with the Hydro-Electric and in the interest of the Canadian Pacific Railway to give full information regarding its affairs to its board of directors. You are the board of directors, the trustees of the people of Canada from the Atlantic to the Pacific in connection with two billion dollars of the taxpayers' money which has been expended on this railway and the conduct of the enterprise. It is not in the public interest that this information should be withheld, and if a vote is taken I intend to register my vote and protest against the lack of responsible government which we have in this parliament to-day.

Is it responsible government that public property amounting to two billion dollars, which is not in my opinion being administered in a commercial, businesslike way, should be taken out of the control of parliament and handed over to a committee which will make a report, whitewash everything, in the dying days of the session when a formal vote will be moved in the House involving millions of dollars, perhaps at the end of a last and an all-night session? If that is the way in which the Canadian National Railways are administered, the sooner we have the end of public ownership, the better. It is not in the public interest that we should hand over our responsibility to a committee. The issue is clear: A vote for this committee to-day is a vote for inefficiency in the administration of this system. It is a vote against public ownership; it is a vote against the trust we have as representatives of the people of Canada, and for that reason I wish to vote against the appointment of this committee as not being in the best interests of the National Railways, of the Canadian merchant marine, of public ownership or of efficiency and economy in our publicly owned railway system.

Mr. A. de WITT FOSTER (Hants-Kings): Mr. Speaker, I do not rise for the purpose of supporting all that has been said by the hon. member for Toronto Northwest (Mr. Church); but even if only part of what he says is true, there is much in the contention that he has laid before the House. During this session I have tried to get some information with regard to the Canadian National Railways and I am under somewhat of a disadvantage, not knowing what rules have been mutually agreed upon or enforced in this House or in the committee for the past ten years. I desire to have this information because I think it is vital in the interest of the country, but so far I have been unable to get it. We were told by the minister that when this committee was formed we would be in a position to come before it, ask questions and get information. If, however, what my hon. friend says is true, unless I am on that committee—and I am not—I shall not be able to appear before the committee, ask the questions I desire to ask and be sure of getting replies. I can appreciate coming before the committee and being peremptorily told with a wave of the hand: It is not in the public interest to furnish that information.

Is it in the public interest that the people of this country should know whether three or four men from the city of New York who may have been connected with a firm there that went into liquidation, should be given positions in Canada at salaries which, it is reported in the streets, are anywhere from $30,000 to $50,000 a year, when we know there are in this country to-day men who could be appointed to those jobs at one-half the salaries and who would do just as good work? These matters are in the public interest regardless of whether the management of the National Railways or the government of the day says that it is not in the public interest. I should like to know whether they are paying men three times what they are worth in order to perform jobs which could be very well performed by men raised in this country. If members are to be deprived of the opportunity of securing information in the committee and if when these matters come befroe the House in the last days of the session, and at one o'clock in the morning when everyone is weary, we have perhaps half an hour in which to delve into them—and we are speaking about limiting speeches to thirty or forty minutes—

4 p.m.

Some hon. MEMBERS: Hear, hear.

Mr. FOSTER: Let hon. members limit their own speeches, As regards these particular estimates, if hon. members feel they are not sent here in the interest of the people to discharge their public duties and to take such time as is necessary to do that, they ought not to be here. If, as I say, in the last days of the session we are not permitted to deal properly with these matters, certain considerations ought to enter into the formation of this committee so as to enable hon. members to get the information they require by coming before that committee whether they be designated by the Prime Minister as members of the committee or not.

Mr. H. E. LAVIGUEUR (Quebec-Montmorency): I should like to ask the minister to

give to the House some more information as to the work of this committee. For my part I should like to know what is the object of its formation. Why should not the estimates of the Canadian National Railways and the Canadian merchant marine come before the House in the ordinary way?

Mr. W. D. EULER (North Waterloo): Mr. Speaker, as chairman for the last two sessions of the committee on National Railways and Shipping, I should like to make a reply to my hon. friend from Toronto Northwest (Mr. Church). I have nothing to say particularly with regard to the willingness of the government to answer certain questions respecting the National Railways; that must be within their judgment. I think they are perfectly right in certain instances to refuse information which might be detrimental to the interests of the National Railways. I can recall very well under the former government that information of a similar character was refused, and I thought the government was right at that time.

Mr. MANION: There were many protests against the refusal, though.

Mr. EULER: I know, and I did not agree with those protests altogether. In reply to the statement by the hon. member for Toronto Northwest that the committee does not permit any member to ask questions of those managing the railway, I desire to contradict it flatly. So far as I remember—I am open to correction—no member of the committee was ever refused information by the officials, from Sir Henry Thornton down.

Mr. MANION: He said members who were not members of the committee.

Mr. EULER: I will go further. The meetings of that committee were always open to the members of this House, and there have been instances where members who were not members of the committee itself asked permission of the committee to address certain remarks and questions to those who were present on behalf of the National Railways, and in no case were they refused. I do not think there is any danger whatever, if the committee is reconstituted, that such permission will be refused. In addition to that, all the evidence brought before the committee was printed by permission of the House and was spread upon the records for the information of every member. Something has been said about the Canadian Pacific Railway issuing an illuminating report every year for the information of its shareholders. The National Railways issue a similar financial statement each year, and I think it is fully as illuminating as that issued by the Canadian Pacific Railway. The Canadian Pacific management do not spread all the affairs of their railway before the public for their competitors to take advantage of, and I do not think any member of this House who has the real interests of public ownership at heart should ask the management of the National Railways to do something in that particular which the Canadian Pacific management would not do.

Hon. S. C. MEWBURN (East Hamilton): Mr. Speaker, I rather concur in this resolution. It seems to me it is quite proper that these estimates should go before a special committee of the House, particularly as the resolution contains this proviso:

> That nothing in this resolution shall be construed to curtail in any way the full right of discussion in committee of Supply.

I should like to see the government go a step further and refer all the estimates to a special committee of the House.

Some hon. MEMBERS: Hear, hear.

Mr. MEWBURN: I believe, Sir, that a great saving of the time of the House could be accomplished in that way. Departmental officers when their estimates were up could be called before that special committee. To me it has always been absurd when a minister of the crown was being asked all sorts of questions, some pertinent, others not, on matters affecting his department—which in many cases he could not be expected to know—to see his deputy, who naturally is familiar with the affairs of his department, compelled to whisper the information to his minister, who repeated it to the House, his deputy not being allowed to give the information direct. I believe in many departments of the government we would get more information and save a great deal of the time of the House if the estimates were dealt with by a special committee.

Mr. DUNNING: Mr. Speaker, perhaps I may be permitted to add a word. I had no intention of starting a debate in moving this resolution. I had been informed by members on both sides of the House that the special committee appointed in the past few years to deal with government railway matters had been satisfactory and had been the means of placing much valuable information before the House and the country. The resolution as it stands on the order paper is in exactly the same form as the resolution which was adopted on former occasions. May I point out, Sir, that so far from restricting

the members of this House, the resolution provides in addition to the ordinary machinery a special committee for the purpose of going into the complex details of National railway financing. It in no way reduces the opportunities of members to secure information; on the contrary, it rather widens them. In this connection I should like to call attention to the proviso referred to by the hon. member for East Hamilton (Mr. Mewburn):

> Provided, however, that nothing in this resolution shall be construed to curtail in any way the full right of discussion in committee of Supply.

The whole machinery of the House still remains, but in addition to that machinery a small committee of men, selected by agreement between the party whips, is given the special task of going into the very complex matters connected with the administration of our National railway system and the Canadian merchant marine. Surely it is apparent to business men that a small body dealing with these very complex matters can do so more effectively than the whole House.

The matter of refusal of information I endeavoured to deal with yesterday. I admit its difficulty, as every previous Minister of Railways has admitted it. I might perhaps by way of illustration call attention to a question which is now on the order paper referring to the National railways, if it is in order for me to do so, Sir.

Mr. SPEAKER: By unanimous consent.

Mr. DUNNING: This is the third paragraph of the question:

> Is it the intention of the Canadian National Railways to purchase St. Paul's church property and a number of other properties in the vicinity for terminals?

Let us assume, Mr. Speaker, a question of that sort being answered in advance of the deal for the property being consummated, does any member think for a moment that the publication of such information would not be prejudicial to the interests of the railway, supposing such a deal was intended? It is manifest on the face of it.

Sir HENRY DRAYTON: What question was that?

Mr. DUNNING: Paragraph 3 of question 16. I use it merely as an illustration. There may be parts of the question which are quite proper. From what I have heard from members on both sides of the House regarding the proceedings of this committee in former sessions, I understand that it operates in exactly the same manner as any other committee of the House. While, strictly speaking, hon. gentlemen who are not members of the committee have not the right to ask questions, they can and do, as in the case of all other committees, submit their questions to the parties who are being examined through the medium of a colleague who is a member of the committee.

I moved the resolution, Sir, merely because I am informed that it has been found in the past a satisfactory method of dealing with the affairs of the National Railways and merchant marine. I repeat, the resolution in no way restricts the liberties of hon. members or the ordinary procedure, but rather adds to the machinery of the House and makes it more efficient in dealing with this very important matter.

Mr. J. A. CLARK (Vancouver-Burrard): Mr. Speaker, I would point out to the Minister that representation on the proposed committee is to consist of six members from this section and nine from the other sections of the House. Why is not representation given to this party according to its parliamentary strength? I might also point out that the present representation is on the basis of eighty-one members from this side of the House.

Mr. CHURCH: I would like to ask a question of the minister. I understood him to say that he would not give the information regarding the purchase of the electric railway in Montreal because it was not in the public interest, but I may say the price appeared in the Montreal newspapers shortly after the transaction.

Mr. SPEAKER: Order. The hon. gentleman has already spoken.

Mr. DUNNING: In answer to the question of my hon. friend from Vancouver-Burrard (Mr. Clark) I can only say that the matter was arranged after consultation between the whips. I had nothing personally to do with it.

Mr. CLARK: I would suggest that it is quite simple to amend the resolution. Surely it is obvious that several members on this side are desirous of appearing before that committee, and if proper representation were given us certain additional members would have an opportunity of putting their questions before that committee.

Mr. T. G. MURPHY (Neepawa): I do not know whether I am in order, but I would like to suggest that if the committee is augmented the hon. member for Marquette (Mr. Mullins) be added to it.

Mr. G. R. GEARY (South Toronto): May I ask the Minister of Railways if he would be good enough to tell me, having doubt-

less considered the matter thoroughly, in what way he thinks the passing of estimates will be furthered by this procedure? As I understand it the House is to have full opportunity, as it has at present in regard to other estimates, of discussing each item, and I should be very much obliged if the minister would tell me the functions of this committee in regard to making reports, for example, and in sifting the evidence. Are they to be given some facilities which this House does not enjoy? Otherwise I cannot at the moment see any advantage in having the committee.

Mr. DUNNING: I must apologize to my hon. friend from Toronto Northwest (Mr. Church) in that I omitted to answer his question; it passed from my mind for the moment. Will he repeat it?

Mr. CHURCH: Will the minister give a list of passes issued by this railway to the special committee, contrary to the Railway Act?

Mr. DUNNING: I think that would be a proper question for this committee to go into. If passes are being issued contrary to the Railway Act I would like to know it, and it would be stopped. But that is not the question my hon. friend asked me before.

Then I am asked as to the functions of the committee and the value to the House of the committee proceedings. That committee can do what this House in committee cannot do, that is, summon before it the railway officials and direct to them all sorts of questions respecting the operation of the people's railway. More than that, many questions which would arise in committee of the Whole if there were no special committee are cleared up in the proceedings of that special committee, without taking up the time of this House. Very much more time is taken up in a body of 245 men, of course, than is taken up by a smaller committee inquiring into the same question. That, I understand, is the facility provided as a result of previous experience. I believe it has generally been regarded as of value to the House to add this committee to the existing machinery of the House, without in any way limiting the right of members in committee of Supply.

Sir HENRY DRAYTON (West York): I have had the opportunity of serving on this committee since it was started. It functions well in some directions, and in other directions not so well. We get a lot of useful information but we do not get it all; it may be that we ought not to get it all. The former chairman of that committee is wrong when he says that no information is withheld in committee; if he considers the matter I think he will agree that his memory is a little faulty there. In connection with questions of salary, I think my hon. friend will at once agree that information was not forthcoming.

Mr. EULER: I think my hon. friend will admit that the information was given him.

Sir HENRY DRAYTON: But what is the use, Mr. Speaker, of a member being given information in confidence? As a matter of fact I did not get it; I did not want it in that way. I wanted to know what the facts were in connection with the general business organization of the company, and in connection with matters of that kind the shareholders and directors of that company—because we are really the directors, and the Canadian people the shareholders—are entitled to know what is being done with their money. I still take that position.

Mr. EULER: Will the hon. member permit a question? Does he state here definitely that information he asked for was absolutely refused him by the officials of the railway?

Sir HENRY DRAYTON: Yes; there is this salary question, as I say. But, Mr. Speaker, there are more things of importance in connection with this resolution than this. We do get some information which is certainly of great value; we get the opportunity of an extended investigation which could not be made in the House, and this is also of use. It could be made, as I say, a little more full without harm. I do think it would be a good thing if we could have some clear idea as to what we can and cannot do; as to when Sir Henry Thornton can tell the committee he is not going to say this or that. I think we should know that, because we do not know it now. In our informal discussions in the committee I do not think there is much between myself and the chairman; I think we both agree fairly well.

Mr. C. G. POWER (Quebec South): Will my hon. friend permit an interruption before going to another point? I am simply making the suggestion that in any committee, if at any time the committee finds it has not sufficient power, all that is necessary is for it to come back to the House and get further powers. Should not the same rule apply here?

Sir HENRY DRAYTON: It is not a question of the power of the committee, but rather one of whether information will not be given which is a matter of governmental discretion, or whether the government shall

take the ipse dixit of the officials of the system, because that is what it amounts to. I was going to say that I do not think there is very much difference between us, when we are honest with each other, as to what should be done. The former administration took a course which, although strongly objected to at the time and attacked many times by hon. gentlemen opposite, was consistent. That position, which I still maintain, was that having regard to the operations of the railway system, the purchases made; the individual day-to-day business; things which have to do with matters of costs, should not be revealed. Take, for example, the question of supplies. As supplies are bought and contracts are made and running, we took the position that it would be against the interests of the system to make public, therefore giving to the competitor of the system, the prices of the supplies. Further than that, as was pointed out at the time, no special cuts could ever be made for the benefit of the people's railway, because if they were made public everyone else would want the same price, which would mean that the hands of our purchasing agents would be tied, and we would not get the economies we should get. I think that position is clear and that hon. gentlemen opposite although they bitterly opposed it formerly, will agree with me. We never took the position, however, that the officials of the railways were the custodians of the people's money, to do with it as they liked having regard to new capital commitments, or the sale of company asets and the purchase of new assets. Again I think my hon. friend the chairman of the committee agrees with me. I know the former Minister of Railways, Mr. Graham, after the Scribe hotel purchase had been ventilated, and after a question had come up as to the sale of some property in Montreal, I think it was, took the position that all matters either of the sale of the property or purchases for the extension of the property should be a matter for the government; in other words, that there should be no change in capital account having regard to new commitments, and no contraction having regard to sales of the physical property, without the knowledge, assent and approval of the government. Would my hon. friend the chairman of the committee say that I am wrong in that? Would he not agree with me there? He did agree with me at the time, and the former Minister of Railways agreed with me at the time. But what is the attitude to-day? The attitude to-day is, you cannot get that information. The Minister of Railways shakes his head. The attitude to-day is not only that there shall not be purchases made except with the government's approval, but the purchases when made are to be kept secret. Why, it is only a couple of days ago that we had this request in connection with the Montreal Tramways. That is a new purchase, a matter of capital commitment. Nevertheless we are told that it is against the public interest that that capital commitment should be known. Why? How is the committee to function if it is going to be tied in that way? Again, apart from the committee, surely it ought to be clear that the people's representatives in parliament should have the right to know what is going on in regard to these new commitments, and have a right to have their questions regarding these new commitments answered on the floor of the House.

Mr. JACOBS: I thought we were going to keep the railways out of politics. That was the slogan when we took them over.

Sir HENRY DRAYTON: I do not see the purport of my hon. friend's question. We never said, I do not think anybody ever said—perhaps my hon. friend now wants to take that position—that the capital commitments of the railways could be extended without governmental, without parliamentary consent. Does my hon. friend think that that should be done?

Mr. JACOBS: I think the Canadian National Railways management should be given the widest latitude to run the line as they see fit, with the least possible governmental interference.

Sir HENRY DRAYTON: My hon. friend is perfectly right, but with his usual facility he dodges the question entirely. I absolutely stated that when I commenced, and then I stated that the view of the chairman of the committee, as I understood it, and certainly the view of the former Minister of Railways, Mr. Graham—

Mr. DUNNING: And of the present one.

Sir HENRY DRAYTON: And of the present one, the minister says, was that there should be no new purchases made with the people's money without the people's representatives having something to say about it.

Mr. MACDONALD (Antigonish): The statute provides that.

Sir HENRY DRAYTON: The statute should have governed in the case of the purchase of the Scribe hotel, but apparently statutes are made in connection with railway administration to be dodged and evaded.

[Sir Henry Drayton.]

Mr. MACDONALD (Antigonish): That will be found out in the committee.

Sir HENRY DRAYTON: It is being found out in the committee, but how much good do we get from that?

There was one very pertinent thing said to-day by the member from Toronto Northwest (Mr. Church) that the committee's report is brought down to the House so late that there is very little opportunity of doing anything with it. I wonder if we could not have that changed this year, and if the report could not be brought down at such a time as would give the House full opportunity of dealing with it.

Mr. DUNNING: May I answer that question? So far as the minister and the department are concerned, I shall be very glad indeed to facilitate the proceedings of the committee, but the date on which the committee will make its report is entirely in the hands of the committee itself. But everything that can be done, so far as the ministry of railways is concerned, will be done to facilitate the committee's work.

Sir HENRY DRAYTON: I am glad to hear the minister say that, because that state of affairs has been one of the things which give a good deal of force to the objections which have been made to-day as to what has happened in the past.

I am objecting, Mr. Speaker, to this committee as constituted. I know of no reason why the opposition should not be given its fair numerical standing on this committee. We are entitled to seven out of fifteen members, seven as against eight; we are given six as against nine.

Mr. JACOBS: Perhaps yours are better men, equal in weight to the other nine.

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): At the time when there was a discussion regarding the appointment of the different committees, this question came up of the representation of all parties in the House on the different committees. I think the chief whip of the opposition was not present, but a representative of his party was, and I think it was agreed that the number mentioned in the resolution now before the House was the right proportion for the different parties in the House. I think the hon. member for Victoria, B.C. (Mr. Tolmie) was present at that discussion, also the assistant whip of the opposition, and nobody seemed to find fault with the arrangement, seeing that other parties and groups in the House had their representation on the committee as well.

Sir HENRY DRAYTON: But my hon. friend does not show that the figures are right. He says there was no objection made at the time. It is time objection was made if it it wrong, and it is wrong on the face of it. I am not going to speak on this question any further now, Mr. Speaker.

Hon. HUGH GUTHRIE (South Wellington): I just wanted to mention, Mr. Speaker, that my chief objection to this proposal is the one lastly touched on by my hon. friend from West York (Sir Henry Drayton), the question of when this committee is to report. By the rules of this House, no matter referred to this committee can be mentioned or discussed in this House so long as the committee is seized of it. Last year this practical difficulty confronted me. I had several matters concerning which I wished to inquire respecting the Canadian National Railways. I was not a member of this committee, and the committee did not bring in its report until one or two o'clock in the morning of the last day of the session, and no opportunity was given me to make the inquiries I desired to make. That is a practical difficulty that should receive attention.

There are only fifteen members on this committee in a House of 245 members, so 230 of these members will have no right to ask questions or bring up a subject pertaining to the National railways until that committee makes its report, and unless the committee is going to make its report within two or three weeks before the close of the session, our opportunity of discussing these railway matters will be very limited indeed. I personally think that a smaller committee is the best procedure.

Mr. POWER: What is to prevent any member of this House from going before the committee and asking any questions he pleases?

Mr. GUTHRIE: I want to discuss these matters in the House. I am not on that committee, and I think I am entitled to bring these matters up in the House.

Mr. POWER: What is to prevent my hon. friend from going to that committee and asking any questions he desires, and then bringing up these matters in the House?

Mr. GUTHRIE: I do not intend to go to the committee; I am not on it. I wanted to discuss certain matters in the House last year, and did not have the opportunity because of the late hour at which the committee's report was brought in. If we can provide against that state of things happening again this year I am quite content to have the

committee appointed. I think a smaller committee is the best way of dealing with the business, but the composition of this committee is manifestly unfair to this side of the House. Here we are, a party of 116 members, with only six members on this committee; the government, with only 100 members, has six members on this committee. That does not give the main opposition its proper representation, and I think that matter should be remedied.

Mr. W. A. BOYS (North Simcoe): Just a word, Mr. Speaker. I do not think it is too late to ask the minister to put this matter right. I was not on the striking committee this year, as is usual in the case of the whip of each party, and when I was informed that the committee was to be constituted nine and six, I took exception to that at once, as I think the chief whip of the government party will admit. Before that, we had practically agreed that the representation on committees should be on a mathematical basis, disregarding fractions. He told me that the representatives of our party had agreed to that. I said I could not see how they could have agreed to a representation of nine and six, but if they had I would be bound by that agreement. It is proper for me to say that I made inquiry and found that they had agreed to nine and six. I then asked on what possible basis of equity such a request could be made. The whip of the government party could give me no good reason, but as the matter had been agreed to I felt that I had to waive further opposition. It does seem to me now that it only has to be brought to the attention of the minister and the government to see that an injustice is done this group. If we take the figures and carry out, as we did carry out in connection with all the other committees, mathematical representation as far as possible, the figures would show that we should have a representation of 7 5-49 on that committee and the government and the Progressives a representation of 7 44-49. That basis of representation has not been adopted and we get the short end of it. I think the government, nothwithstanding what has gone before, should now give us seven members, take seven themselves, and give one to the Progressives.

Hon. S. F. TOLMIE (Victoria, B.C.): I was on the striking committee along with some other representatives in this group, and I must say it is true that the proportion in this particular committe is wiped out in comparison with the allotment for the other committees. The representation on the other committees is, I think, satisfactory. As regards the representation in this particular case the chief whip and his associates were very insistent on the representation they thought was called for. In carrying out the work of these committees it is always a matter of give and take to a certain extent, and while the representation on the other committees was pretty satisfactory in this particular case, notwithstanding our insistence we did not succeed in getting the representation that is really our due. However, I think it is not too late to right the wrong, and the House should consider making a suitable change such as suggested by the chief whip of our party.

Hon. J. H. KING (Kootenay, Minister of Public Works): I was also a member of the striking committee and I may say this for the gentlemen who represented the various parties. They took the view that the committees were not partisan bodies but committees of parliament, empowered to ascertain what was the best course to pursue with respect to legislation on the matters before them, and there was a disposition to strike these committees on what would seem to be a fair basis. The government have a certain responsibility and in accordance with the ordinary procedure usually have a majority on a committee. As the House is now constituted that is not so. However, the government are prepared to accept that situation. The representation on this committee, I think, is in the same proportion as that on other committees.

Some hon. MEMBERS: No, no.

Mr. KING (Kootenay): I think that is so, and I do not see why there should be a change.

Sir HENRY DRAYTON: Why does the minister say the representation is the same when it is not?

Mr. KING (Kootenay): The majority in this House is not with the Conservative party or with the Liberal party.

Sir HENRY DRAYTON: Well?

Mr. KING (Kootenay): There is a majority in this House and that majority will rule in the committees.

Mr. BOYS: What we are contending for is what has been granted in the case of other committees. I am not seeking to introduce any partisan feature at all. We are discussing what is fair, and we are complaining of the departure which has been made in this particular case.

Mr. KING (Kootenay): I think it would be a mistake to interject into our committees a party viewpoint in view of the present constitution of parliament.

Sir HENRY DRAYTON: Why not have regard to the viewpoint of fairness?

Mr. KING (Kootenay): I think hon. gentlemen should be satisfied with the constitution of the committee as it stands.

Hon. R. J. MANION (Fort William): The Minister of Public Works was wrong, probably unintentionally, when he said that the representation on this committee is the same as on other committees. It is not. That is why our side of the House is objecting. The representation on the other committees, as the chief whip and other speakers pointed out, has been worked out on an absolutely mathematical basis. Owing to some misunderstanding the representation in this case has not been worked out in the same manner but is different from that of the other committees. The representation of the government side and the Conservative side should be worked out on a fifty-fifty basis, and the Progressive and Labour should have a representation of one. It will not be denied that the Progressives have voted pretty solidly with the government. They have a representation of two with twenty-four members, and we have a representation of six with one hundred and sixteen members. The representation therefore is not fair bearing in mind the numerical strength of the respective parties.

An hon. MEMBER: Would my hon. friend exclude Labour?

Mr. MANION: I do not exclude anybody, but the government may have to exclude somebody. It is the government that chooses the other members of the committee. I do not understand the attitude of the government. Our side has appealed to them simply from the point of view of the fairness which has been followed in the case of the other committees. Why should the attitude of fairness be departed from in this one case?

Mr. KING (Kootenay): The government are acting in accordance with what they deem to be the position of the parties in the House.

Mr. MANION: I do not quite follow what the minister is trying to argue. A conference was held between the whips, and the leaders I presume of the three parties. They came to an understanding as to the representation on the other committees but either through accident or intention—and it begins to look as if it were intention—the question of representation on this particular committee is treated differently. My hon. friend the minister shakes his head but he is absolutely wrong. This committee is being treated on a different mathematical basis from any other committee in the House.

Mr. CASGRAIN: At the time the composition of the committees was being considered it was agreed that as regards certain committees the two chief parties should break even, that is, that they should have the same number of members, and that the majority should be represented by the other groups in the House, composed of Progressives, Labour and Independent members. Thus the majority given to the government would come from the various groups outside of the two main parties.

Mr. BOYS: Did I not take the position that we should form our committees on a mathematical basis? Was that not the position I took on behalf of this party in regard to the formation of the committees?

Mr. CASGRAIN: There was a discussion when the time came for the formation of the committees. At the conference there were present representatives of all parties in the House, including the Minister of Public Works and the ex-Minister of Agriculture the hon. member for Victoria, B.C. (Mr. Tolmie). We all agreed that on certain committees the larger number should be given to the main opposition and to the government side the lesser number; but in certain committees it was agreed by all parties there present that we should break even, and the majority should come from the remaining groups in the House.

Mr. BOYS: That has been done.

Mr. CASGRAIN: Those committees were the Privileges and Elections committee if I remember rightly—there may be another one, I am speaking from memory—and the committee on National Railways and Shipping. That was a committee upon which it was agreed that the two main parties should have the same number of members, and that the majority would be given by the other groups, Labour, Independents and Progressives.

Mr. BOYS: Does the hon. member not think if we concede seven members to the government, when they have a representation in the House of one hundred, and only ask for seven members for ourselves, when we number one hundred and sixteen members, we are being rather generous?

Mr. CASGRAIN: If the honourable member will look at the representation in the other committees, he will find that that of the opposition was greater, in some cases, than ours. In some committees, the number was greater because the proportion was agreed to. The Minister of Public Works conceded that the main opposition party should be given one more, and in some cases it will be found that there will be one, two, three of four members allotted to the main opposition party. This was done with the consent of all parties represented.

Mr, MANION: In conclusion, I wish to repeat that it seems to me it is a very unfair attitude to take. Of course there is no ulterior motive, in fact this is an absolutely new question coming before us now. All members are interested in the success of the National Railways. It is not suggested that there is any ulterior motive and there has been a fair arrangement in making up the different committees. Of course, there may be an exception as the hon. member says, but by and large, the government agreed that the committees of the House should be mathematically arranged. In this case, in the absence of our chief whip, they succeeded in making the numerical proportion different. I appeal to members of the government to look at it in a fair light, as they did in regard to the other committees, respecting which there is no complaint, and I ask that this committee be re-arranged in such a way that both sides will be represented proportionately. Even then the government will have the advantage.

Mr. POWER: Does the hon. member wish to repudiate an arrangement to which two members of his party agreed?

Mr. MANION: No, but if two hon. members of this House happen to make a mistake there is no reason why this House should not rectify it.

Mr. G. B. NICHOLSON (East Algoma): I wish to say a word following up what has been stated by the hon. member for South Wellington (Mr. Guthrie). If the appointment of this committee means that all discussion in regard to matters relating to the Canadian National Railways is to be taken away from this House and transferred to a committee of fifteen members, then I object. Within a few days, or a very short time at least, we expect the hon. Minister of Railways (Mr. Dunning) will make the usual annual statement with regard to matters relating to the Canadian National Railways, and looking upon that subject as a most important one I, as a representative of some of the people, desire to make some remarks in connection with Canadian National Railway matters. If the apointment of this committee is going to do what has been done with regard to all other committees of the House —make it impossible for a member to discuss the matters which the committee is dealing with until the committee has reported—then you have effectivly closed my mouth and every other mouth in the House in connection with the National Railways until that committee reports. We have been in session four and a half months. The committee is being appointed to-day, and it is obviously impossible for it to make any intelligent inquiry into matters referred to it and report before the closing days of this session. In the meantime the Minister of Railways will have made his statement, all matters relating to the Canadian National Railways will have passed the House and we will have no opportunity whatsoever to discuss the subject. Unless there is a reservation made whereby it will be possible for us to discuss Canadian National railway matters here, notwithstanding the fact that the committee is sitting, then as a representative of my constituency I most strenuously object to having my liberty taken away.

Mr. F. P. QUINN (Halifax): I have noticed in checking over the committee as constituted that every province in Canada is represented except Nova Scotia.

An hon. MEMBER: Maritime rights again.

Mr. QUINN: Yes, Martime rights again. After all the talk we have heard in this House about Maritime rights since January 7, we now find the province of Nova Scotia is ignored again. The matter of railways is of great importance to that province, particularly at the present time. I might make a suggestion as to how this difficulty can be solved. With the fourteen members from Nova Scotia we have no representative on the committee. Take one member from the other side of the House from the committee, and appoint a Nova Scotia member from this side, and the whole difficulty is remedied.

Mr. O. B. PRICE (Westmorland): Had this committee been clothed with authority to thoroughly investigate matters concerning the Canadian National Railways and report back to this House information which we have been refused, I would be in favour of the appointment of this committee. We recall that on October 13, 1921, the Prime Minister speaking in the city of Moncton said, that if returned to power matters concerning the affairs, the direction and the operation of the Canadian National Railway

would be thoroughly gone into and the public given information concerning them. That statement was made by the Prime Minister and it has not been lived up to. I have asked for information on the floor of this House, and I have been told that it was not in the interest of the railway to divulge it—not in the interest of the railway perhaps through fear of competition with other railways. As a matter of fact, I think the Department of Railways and Canals knows that the Canadian Pacific Railway has all the information the department has with regard to the traffic in and out of the ports of Canada. It must have that information just as surely as the Canadian National Railways, and my purpose in bringing up this matter was to get what I could in the way of data, to make comparisons between certain portions of the Canadian National railway in different sections of Canada. When hon. members opposite utter a little condemnation—possibly I better say a little criticism—with respect to the Maritime provinces, I would ask them to consider carefully the conditions in the Maritime provinces and to compare the railway facilities and opportunities for the movement of traffic in the west with those in the east.

Mr. SPEAKER: I am afraid the hon. member is not speaking to the motion before the House and I would suggest that he confine his remarks to the matter under discussion.

Mr. PRICE: I am trying to point out some of the things I would give this committee authority to investigate thoroughly. I was going to mention some of those items and I trust, Sir, you will permit me to do so. In the Canadian west they have a freight rate which is practically 100 per cent less than what their neighbours across the line have.

Mr. SPEAKER: I am very sorry, but the hon. gentleman is really out of order. He must limit his remarks to the question at issue, which is whether or not this committee should be appointed. The hon. gentleman will have an opportunity on the estimates to speak with reference to the particular grievance he has, but the question that the House has to decide is whether or not this committee should be appointed.

Mr. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I understand that if this committee is appointed, this House under the present practice will not, until the committee reports, be able to discuss matters relating to the National Railways.

Mr. DUNNING: Will my hon. friend permit me? I do not so understand the resolution. Discussion of the details of the estimates will of course have to be deferred until the committee reports, but it is my intention to make the annual railway budget statement, as it is called, just as soon as possible now that the budget debate is over and I expect that I shall be able to do so sometime next week.

Sir HENRY DRAYTON: My hon. friend should go on in all fairness to point out that he refers this to the committee and we hear nothing further until the committee reports.

Mr. DUNNING: But on the statement that I make to the House debate can occur; at least debate has occurred in past sessions.

Sir HENRY DRAYTON: For a very short time.

Mr. DUNNING: It can last as long as hon. members wish. There is no limitation as far as I know.

Mr. CAHAN: I should like to have, if possible, the opinion of the Speaker with regard to the practice of the House which, I understand, is that when matters are referred to a special committee they cannot be discussed in this chamber except upon a report from that committee. The statement made by the Minister of Railways from time to time, to which the present minister has referred, is not usually made under circumstances which permit of debate. There are certain matters relating to the Canadian National lines that I and other members wish to discuss in the House. We desire to have ample opportunity to present our views with regard to those railways, and if the appointment of this committee is to postpone such discussion and to preclude us from entering upon such discussion until the committee reports, I am going to vote against the appointment of the committee. Therefore I would like to have some suggestion from you, Sir, because your familiarity with the rules of the House will enable you to decide.

Hon. E. M. MACDONALD (Minister of National Defence): Having sat in the last two sessions of parliament where this motion went through by consent of all parties, I think hon. gentlemen who are worried about their rights being curtailed, need have no fear on that score. The Minister of Railways will probably next week present his annual statement to the House and a motion will be made to refer that to the committee for consideration. As in past years the fullest discussion was permitted as a matter of right and the

hon. member for St. Lawrence-St. George need have no worry about having an opportunity of putting before the House any views he has in regard to the question of the Canadian National Railways or its management because the fullest and most complete right of putting questions to the government exists during that period. As regards matters of detail on which members want complete and full information, they have a better opportunity of obtaining it through members on that committee than on the floor of the House where only questions may be asked.

Mr. CAHAN: All I wished to know was whether upon a motion made by the Minister of Railways to refer the matter to this special committee we are entitled to enter upon a full discussion of all matters relating to Canadian National lines. I do not so understand the practice.

Mr. MACDONALD (Antigonish): During the past two years on the statement being made by the Minister of Railways prolonged discussion has taken place without any question. I can say on behalf of the government and the Minister of Railways that when his statement is made the fullest opportunity will be given to hon. gentlemen to discuss the matter in detail.

Sir HENRY DRAYTON: After having now satisfied the objection of the hon. member for St. Lawrence-St. George (Mr. Cahan), why not go a little further and satisfy the objection which I have taken to the committee by providing for proper representation of the House upon it?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I have asked my colleague the whip to let me have a statement of the several committees that were appointed by agreement on Tuesday, February 23, when the striking committee reached an agreement with respect to all the committees of the House. The point I want to make clear is this, that the committees were all arranged at one and the same time. There were reasons why a larger number of representatives from one party was given to one committee than to another, but the entire schedule was arranged with the view of doing justice to all parties concerned. With respect to the standing committee on Railways, Canals and Telegraph Lines, I find that the total membership is 129. On that committee Liberals have 54 members; the Conservatives, 61, and the Progressives, 14. If the government were to follow the reasoning of hon. gentlemen opposite or meet the suggestions which they are asking us to meet, we should request that instead of having 54 members on that committee, we be given 61 as the Conservative party opposite are given.

Mr. CLARK: Why should the Liberal party have the same number as this party?

Mr. MACKENZIE KING: What I am asking is perfectly fair.

Mr. CLARK: I am asking as a matter of representation in this House.

Mr. MACKENZIE KING: The hon. member will perhaps concede that the government has some rights and privileges.

Mr. CLARK: I will concede that the government has its rights and I shall be the first to support the Prime Minister in his contention. But on the representation of the Minister of Public Works (Mr. King) this is a minority government and on the minister's own submission, it being a minority government, it recognizes the principle of minority representation on committees. There is no reason in the world why the two parties should not be represented on committees according to their representation in this House.

Mr. MACKENZIE KING: I did not wish to take up much of the time of the House on this matter, because I think all phases of it have been sufficiently canvassed; but I wish to draw the attention of hon. members to the fact, which is a very material one, that on the standing committee on Railways, Canals and Telegraph Lines, hon. gentlemen opposite have 61 of a representation while the government has 54. On the committee with reference to the National railways the representation is six, six and three. I have not the slightest doubt, although I was not present at the meeting, that there may have been reasons which made it in the minds of hon. gentlemen opposite desirable to have a larger representation on the standing committee than on the special committee and which may have governed with respect to the larger representation there. The point is, as I have said, that the committees as a whole were struck in relation to each other and should stand or fall together. All the other committees have already been appointed; the government has accepted its smaller representation as indicated, and I think the government is justified in asking that the representation on this committee shall remain as it is at least until the committee gets under way. Then if it is found desirable to change the personnel in any way, it can be done as a matter of usual procedure.

I wish also to draw the attention of the House to the fact that the government will no doubt wish to have the chairmanship of this committee. The minute the chairman is appointed the active membership of the committee is reduced to that extent. I think when hon. gentlemen opposite consider all phases of this question in the light in which they have been presented, they will see an endeavour has been made to do justice all around.

Mr. BOYS: My arrangement at the very outset with the government whip was that the representation on committees should be on a mathematical basis. That is exactly what we have in the Railway committee. We have 116 members, the government have 100 and the Progressives and Independents have 28, and our respective representation on that committee is 61, 54 and 14.

Mr. MACKENZIE KING: I have no doubt my hon. friend presented the mathematical point to the government whip, by whom it was considered.

Mr. BOYS: The proposition was agreed to. I admit it was varied in this particular committee we are now discussing.

Mr. MACKENZIE KING: May I add this further fact, that on the Customs committee, the membership of which was agreed to by the right hon. leader of the opposition, there are four members of the Conservative party, and four of the Liberal party. The agreement was satisfactory in connection with that committee. Why should it not be equally satisfactory in this case?

Sir HENRY DRAYTON: But you had only one of your friends there; you have three here.

Mr. BOYS: That is exactly what we ask here. We conceded that, although you had only 100 to our 116, you should control the committee so long as the Progressives were with you, and we agreed to 4, 4 and 1.

Sir HENRY DRAYTON: That is what we want here.

Hon. ROBERT ROGERS (South Winnipeg): I should like to point out to my right hon. friend that, apart altogether from the strength of the respective parties, he appears to have overlooked the very important fact of Nova Scotia not having any representation on the committee at all.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I believe the membership of this committee is the result of an agreement. I have often heard my friend from North Simcoe (Mr. Boys)—who has acted as whip for a great many years with remarkable success—say in the House that these arrangements between the whips of the various parties are gentlemen's agreements and should be accepted and honoured by the members of the House. I have heard him state that on various occasions. This session all the committees were struck at the same time, and the number of members on this committee was also accepted at that time. But it happens that the other committees were organized at an earlier stage under that agreement, which was accepted by everybody in the House. Now when this special committee comes to be organized I claim that in justice and fairness to all concerned the agreement, so entered into by the whips and accepted by everybody should prevail.

Mr. CLARK: May I ask the Minister of Justice a question? Does he suggest that any party in this House is bound by the reports of committees? I assume he would say no.

Mr. LAPOINTE: I suggest that in this instance, as in other instances of arrangements between the whips, it is an honourable agreement and should be accepted and respected by the House.

Mr. QUINN: Are you going to persist in ignoring Nova Scotia on this committee?

Mr. MACKENZIE KING: If the members of my hon. friend's party wish to substitute a member from Nova Scotia in the place of one of the three members from Ontario, the government will be pleased to accept the suggestion. But the point I wish to direct the attention of the House to at the moment illustrates wherein considerations have been taken into account by the striking committee which perhaps we are losing sight of altogether. A special committee cannot exceed 15 in number without the unanimous consent of the House. Now, I venture to say we cannot hope to get such consent to alter this committee as arranged by the whips. That being the fact, Mr. Speaker, I would suggest that the House pass the resolution, and if when the committee has been appointed there appear to be very strong reasons why its personnel should be altered in any particular, we can then take into consideration anything further that may be necessary to be done.

Hon. J. W. EDWARDS (Frontenac-Addington): Mr. Speaker, may I ask the Prime Minister: Having regard to the vast importance of matters to be dealt with by this committee, does he not really think that he

could get the consent of the House to double its representation? I think this committee is entirely too small in view of the importance of the business which will come before it. Only those fifteen members on the committee will have the special privilege of getting information and keeping it to themselves. They are not to let it out to any person else.

Mr. MACKENZIE KING: Mr. Speaker, let me say to my hon. friend that this committee is different from other committees in that in no manner does the committee take away from the members of the House the right to discuss railway matters in detail. It is simply a committee for sifting information in the first instance, and thereby enabling hon. members to discuss the points they wish to develop further in the House, without bringing in a lot of irrelevant matter, and so save a lot of time that otherwise would be taken up here in seeking information on minor points. It is really a committee for the purpose of saving time.

Mr. EDWARDS (Frontenac): I appreciate that.

Mr. MACKENZIE KING: If hon. members who are not on the committee wish to appear and get any information, they will be at perfect liberty to do so. The government has no desire in any way to take a stand that cannot be modified. I would suggest that the resolution be permitted to pass, and that the whips of the respective parties should then meet. If they will agree among themselves to allow hon. gentlemen opposite another member, and the remainder of the House another member, we are quite agreeable to accept the arrangement. But I think this should be effected in the same way as the original arrangement—by the whips themselves.

Mr. BOYS: This is an unfortunate misunderstanding and I would propose this as a compromise. Would not the Prime Minister accept a suggestion that the membership, by unanimous consent, be increased by one, that we have the right to name that one, and that he be from Nova Scotia?

Mr. MACKENZIE KING: I made a suggestion, Mr. Speaker, which I think is eminently fair, namely, that the whips themselves should get together and recommend any changes in personnel, seeing that they had to do with the original arrangement. A unanimous suggestion from the whips will receive favourable consideration by the government.

Mr. BOYS: Will the government agree to accept my suggestion to increase the membership by one?

Mr. A. E. ROSS (Kingston City): Mr. Speaker, I would suggest to the Prime Minister that to be fair he should allow the resolution to stand and give the whips an opportunity to get together. He must realize that, as a party, his party is not the government. We do not recognize and never will recognize it as such.

Mr. MACKENZIE KING: I take absolute exception to my hon. friend's statement. I wish him to understand that so far as the government is concerned this is not a question of party at all. It is a question of who is able to command a majority in this House. The present administration is in that position, and it intends to remain there.

Mr. ROSS (Kingston): Then do away with groups and say: Here is the government.

Mr. MACKENZIE KING: That is what we are doing.

Mr. ROSS (Kingston): Then let the government—or what you call the government—demand a majority.

An hon. MEMBER: That was done in January.

Mr. ROSS (Kingston): It is suggested that the resolution should be allowed to go through and have the whips consult later, but I think that is quite unfair. Why not withdraw the resolution now and then let the whips get together?

Mr. MACDONALD (Antigonish): Because the whip representing my hon. friend's party agreed to the list of names contained in the motion. If a change is desired my hon. friends should confer and make a recommendation to the House.

Mr. H. A. STEWART (Leeds): I desire to speak to this motion very briefly. I quite approve of this method of referring these accounts to a committee, because it does appear to me that we will get better results in this way than by attempting to thresh the matter out in committee of the Whole. But I cannot overlook the fact that this committee is dealing with perhaps the largest and most important matter before the House; the Canadian National Railways extend across Canada, and this committee should be representative of all parts of this country. I think the province of Nova Scotia should be represented, and I think the number suggested, fifteen, is too small.

I suggest that the House unanimously consent that this number be increased, then let the whips get together and agree upon a selection which will be thoroughly representative of all parts of Canada and of all groups in this House. The committee will then command the confidence of this House and the best possible results will be secured in this very difficult and very important matter.

Mr. L. G. BELL (St. Antoine): The Minister of Justice is generally very fair in his remarks, but though he has referred to this as a gentleman's agreement, even in an agreement of that kind misunderstandings may arise. It is quite clear that there is such a misunderstanding between the government whip and the whip of our party. It is quite clear that parliament is supreme; this question has been referred to parliament and I think even the suggestion of the Prime Minister, that this matter be referred back to the whips, is not quite in order, if I may say so. I think this should be settled by parliament this afternoon.

The injustice we on this side of the House are under has been clearly pointed out. The Minister of Railways has told us that any questions brought up by members not represented on the committee may be referred to those on the committee and that the matters will be discussed. We have sixteen members more than any other group in the House and these sixteen members will be unrepresented. For that reason we should have another representative on that committee. It has also been pointed out that every province, with the exception of Nova Scotia, has a representative on this committee. That surely is not fair, because I would point out that the Progressive group, having but twenty-two members, have two representatives, whereas the Maritime group having twenty-five members have no representative.

Mr. LAPOINTE: New Brunswick has two representatives, Mr. Jones and Mr. Robichaud.

Mr. BELL (St. Antoine): But the members representing Nova Scotia are so vitally interested in this question that they surely should have representation on this committee.

Mr. KING (Kootenay): Who suggested those from the opposite side who should be on the committee? We know that the Maritime representation, especially from Nova Scotia, is largely Conservative, and if the Conservative party are desirous of having a representative of Nova Scotia on this committee it can easily be arranged through the whips.

Mr. BELL (St. Antoine): I think one of the chief difficulties is that this report is not brought into the House for a full discussion. For that reason we should have a full measure of representation in order to see that this report is presented to the House for discussion at an early date.

Mr. THOMAS CANTLEY (Pictou): I would like to ask the government if they consider it fair that the province of Nova Scotia, returning fourteen members, should have no representation on the committee. I appeal to the government and to the House, as a represenative of Nova Scotia; I do not ask the province of Ontario to divide their representation with Nova Scotia, but I ask that a representative of that province be placed on the committee. Transportation in Nova Scotia is quite as important as in any other part of Canada, and perhaps more so, and any arrangement which would preclude a representative of Nova Scotia from having some insight into the workings of the railway is grossly unfair. Perhaps it is because Nova Scotia returned so large a proportion of Conservatives that my province is now being penalized.

Mr. DUNNING: I can settle that point in a moment. If hon. members opposite are not prepared to so adjust their representation as to give Nova Scotia a member of the committee, I will undertake that someone on this side of the House will be sufficiently generous to do so.

Mr. CANTLEY: I am not in a position to make bargains for our party, but I am pointing out that we are unfairly treated as the situation now stands. I am not content to come to Ontario and ask them to take a man off the committee in order that we may put one of our men in his place. I ask for justice for Nova Scotia.

The House divided on the motion, which was agreed to on the following division:

YEAS

Messrs:

Baldwin,	Cannon,
Beaubien,	Cardin,
Benoit,	Carmichael,
Bettez,	Casgrain,
Bird,	Coote,
Boivin,	Cross,
Boucher,	Delisle,
Bourassa,	Denis (St. Denis),
Boutillier,	Denis (Joliette),
Brown,	Desaulniers,
Campbell,	Descoteaux,

Donaghy,
Dubuc,
Duff,
Dunning,
Dussault,
Elliott,
Euler,
Evans,
Evanturel,
Fafard,
Fansher,
Fiset (Sir Eugene),
Forke,
Gardiner,
Garland (Bow River),
Gershaw,
Gervais,
Girouard,
Goodison,
Goulet,
Guérin,
Hall,
Hatfield,
Heaps,
Heenan,
Howard,
Jacobs,
Jelliff,
Jenkins,
Johnston (Long Lake),
Kennedy (Peace River),
King (Huron North),
King (Kootenay East),
Lacombe,
Laflamme,
Lanctot,
Langlois,
Lapierre,
Lapointe,
Lavigueur,
Letellier,
Lovie,
Lucas,
Macdonald (Antigonish-Guysborough),
MacLean (Prince),
Maclean (York South),
McLean (Melfort),
Macphail (Miss),
McIntosh,
McKenzie,
McMillan,
McPhee,
Malcolm,
Mercier (Laurier-Outremont),
Mercier (St. Henri),
Millar,
Morin (Bagot),
Morin (St. Hyacinthe-Rouville),
Motherwell,
Neill,
Parent,
Perras,
Raymond,
Rhéaume,
Rinfret,
Robb,
Roberge,
Robitaille,
Ross (Moose Jaw),
St-Père,
Spence (Maple Creek),
Spencer,
Steedsman,
Stewart (Edmonton West),
Sylvestre,
Tobin (Richmond-Wolfe),
Tobin (Wetaskiwin),
Totzke,
Vallance,
Verville,
Ward,
White (Mount Royal),
Woodsworth,
Young (Saskatoon),
Young (Weyburn).—107.

NAYS

Messrs:

Anderson (Toronto High Park),
Anderson (Halton),
Armstrong (Timiskaming South),
Armstrong (Lambton East),
Arthurs,
Baker,
Bell (Hamilton West),
Bell (St. Antoine),
Bell (St. John-Albert),
Bennett,
Black (Yukon),
Bowen,
Boys,
Bristol,
Bury,
Cahan,
Cantley,
Chaplin (Kent, Ont.),
Chaplin (Lincoln),
Charters,
Church,
Clark,
Cotnam,
Davis,
Dickie,
Doucet,
Drayton (Sir Henry),
Duncan,
Edwards (Waterloo South),
Edwards (Frontenac-Addington),
Embury,
Esling,
Fish,
Flemming,
Foster,
Geary,
Gott,
Grimmer,
Guthrie,
Hannesson,
Harris,
Hay,
Hocken,
Hodgins,
Hubbs,
Johnstone (Cape Breton North-Victoria),
Jones,
Kaiser,
Kennedy (Winnipeg South Centre),
Ladner,
MacDonald (Cape Breton South),
Macdonald (Kings),
Macdonald (Richmond-West Cape Breton),
Macdougall,
MacNutt,
McClenaghan,
McKillop,
McQuarrie,
Maloney,
Manion,
Maybee,
Messervy,
Morand,
Murphy,
Nicholson,
Peck,
Pettit,
Preston,
Price,
Quinn,
Robinson,
Rogers,
Ross (Kingston City),
Rowe,
Ryckman,
Ryerson,
Senn,
Simpson,
Sinclair,
Smith,
Smoke,
Spence (Parkdale),
Stansell,
Stevens,
Stewart (Leeds),
Stirling,
Sutherland (Oxford South),
Sutherland (Oxford North),
Thompson,
Tolmie,
Tummon,
Wilson (Wentworth).—92.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Deslauriers — Langworthy,
Pouliot — Lennox,
Howden — Mullins,
Cahill — O'Neill,
Fontaine — Chabot,
Speakman — Black (Halifax),
Marcil — Perley,
Robichaud — Culligan,
Donnelly — Barber,
Power — Mewburn,
Bothwell — Fraser,
Sanderson — Wright.
Fournier — Garland (Carleton, Ont.).

Mr. MACKENZIE KING: Mr. Speaker, I was not paired; I was not asked to pair, and there was no understanding with respect to a pair, but knowing the reason why my right hon. friend the leader of the opposition is not in his seat to-day, I felt that I would not care to vote on this motion. Had I voted I would have voted in support of the motion.

Mr. MARCIL: I was paired with the hon. member for Argenteuil (Sir George Perley). Had I voted I would have voted for the motion.

Mr. ROBICHAUD: Mr. Speaker, I was paired with the hon. member for Restigouche-Madawaska (Mr. Culligan). Had I voted I would have voted for the motion.

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

Mr. POWER: I was paired with the hon. member for East Hamilton (Mr. Mewburn). Had I voted I would have voted for the motion.

Mr. FRASER: I was paired with the hon. member for Swift Current (Mr. Bothwell). Had I voted I would have voted against the motion.

Mr. SANDERSON: I was paired with the hon. member for North Perth (Mr. Wright). Had I voted I would have voted for the motion.

CANADA GRAIN ACT AMENDMENT

Mr. M. N. CAMPBELL (Mackenzie) moved the second reading of Bill No. 8, to amend the Canada Grain Act (Warehouse receipts).

Motion agreed to, bill read the second time and referred to the select standing committee on Agriculture and Colonization.

WAYS AND MEANS

CUSTOMS TARIFF, 1907, AMENDMENT

The House in committee of Ways and Means, Mr. Duff in the chair.

Mr. ROBB: Mr. Chairman, I understand that the right hon. leader of the opposition desires to speak to resolution No. 1, so we will let that stand, and I will ask the committee to take up resolution No. 2.

2. Resolved, That schedule A to The Customs Tariff, 1907, as amended by chapter fifteen of the statutes of 1913, chapter forty-seven of the statutes of 1919, chapter twenty-seven of the statutes of 1921, chapter nineteen of the statutes of 1922, chapter forty-two of the statutes of 1923 and chapter thirty-eight of the statutes of 1924, be further amended by striking thereout tariff items: 7, 20a, 22, 23, 28, 30, 32, 39b, 77a, 90, 134, 135, 438, 448, 590a, 680a, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of said items, and to provide that the following items, enumerations and rates of duty be inserted in Schedule A:—

Sir HENRY DRAYTON: I would suggest that we take the resolutions up item by item. If my hon. friend the Minister of Finance will address himself to each item as it comes up it will save a great deal of time.

Mr. ROBB: That will be satisfactory.

Customs tariff—7. Meats, fresh, n.o.p. per pound: British preferential tariff, 2 cents; intermediate tariff, 2½ cents; general tariff, 3½ cents.

Sir HENRY DRAYTON: Will my hon. friend explain that?

Mr. ROBB: This is simply an increase of half a cent in the general tariff to correct a mistake that was made in the Australian agreement in cabling.

Sir HENRY DRAYTON: I think my hon. friend is wrong in what he tells the House. I think the Australian or New Zealand rate is half a cent. If my hon. friend looks at the customs tariff he will find under the heading of "Australia and New Zealand, item No. 7," this very item of "fresh meats, n.o.p." and the rate under the British preferential tariff is two cents, under the intermediate two and a half cents, and under the general tariff, three cents, and in the case of Australia and New Zealand half a cent a pound. What is my hon. friend doing? Does he think he is raising the rate of duty on Australian fresh meats from half a cent a pound to two cents? Because if so I do not think he is.

Mr. ROBB: No, I am raising the general tariff from three cents to three and a half cents so as to give them an additional spread.

Sir HENRY DRAYTON: While my hon. friend may think that is what he is doing I am afraid that is not the case. I have the statute here and am reading from it. The item he is striking out is:

Meats, British preferential tariff, 2 cents; intermediate tariff, 2½ cents; general tariff 3 cents.

Then the Australian and New Zealand rate is half a cent. I would suggest that my hon. friend look into this question and that in the meantime we report progress.

Mr. MANION: May I suggest to the Minister of Finance that there is a shortage apparently of these resolutions. I happened to find a copy in my room but I could not get any downstairs. I think there should be some extra copies because other members may have lost the copy they originally received and one cannot form an intelligent idea of what is going on unless he has the resolutions before him.

Mr. ROBB: May I inform the hon. gentleman that if the files of hon. members are properly kept a copy of these resolutions will be found in the Votes and Proceedings of April 15th. I would suggest that this item be passed.

Sir HENRY DRAYTON: No, I want to find out what change is really being made here.

Mr. MACKENZIE KING: It occurs to me that it would suit the convenience of hon. members if these resolutions were printed in the orders of the day. I understand there is no reason why they should not be reprinted and that being the case I would ask the Clerk to see that they are printed in the orders of the day so that we may have them before us.

Mr. RYCKMAN: That will suit me particularly. I received one copy of these reso-

lutions but I took the liberty of sending it away, and it has been impossible for me to get another copy.

Progress reported.

At six o'clock the House adjourned, without question being put, pursuant to rule.

Thursday, May 20, 1926

The House met at three o'clock.

FUEL SUPPLY COMMITTEE

First report of special committee on Fuel.—Mr. Lapierre.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PENSION TO COLONEL F. J. MURRAY

Mr. BROWN:

What is the amount of pension being paid to Colonel F. J. Murray?

Hon. J. C. ELLIOTT (Minister of Soldiers' Civil Re-establishment): Seventy-seven dollars and fifty cents per month.

QUESTION PASSED AS ORDER FOR RETURN

IMPORTATION OF FARM PRODUCTS

Mr. DOUCET:

What were the importations into Canada from United States and from other countries, respectively, during the year 1925, of the following farm products: (a) fresh fruits, (b) dried fruits, (c) grain, (d) meats, including beef and pork products, (e) dairy products, (f) potatoes, turnips and sugar beets, (g) eggs, (h) wool?

Hon. J. A. ROBB (Minister of Finance): Passed as an order for return, which I now table.

UNIVERSAL PROMOTION OF RAILWAY EMPLOYEES

On the Orders of the Day:

Mr. JEAN-FRANCOIS POULIOT (Temiscouata): I would like to address a question to the hon. Minister of Railways and Canals (Mr. Dunning) in regard to the so-called system of universal promotion for railway employees. I am told that there is an arrangement between the heads of the employees' brotherhoods to the effect that the system of universal promotion will be established in the near future. According to that system an employee who has seniority right in a railway region will have that seniority right all over that region. Accordingly a man from Riviere du Loup, in my constituency, will perhaps have to work on the Transcontenental railway if the other employees there are his juniors, and a man who works in New Brunswick may be sent to Prince Edward Island or Nova Scotia or vice versa, for an indenfinite period of time. This would be very embarrassing to him, making it necessary to leave his family, and as everyone knows railway employees are not supposed to be Wandering Jews.

In that respect I would ask the Minister of Railways if it would not be proper, and if it is not the intention of the management of the Canadian National Railways, to ask the employees of every district to vote on that matter and decide among themselves what should be done in their own district.

Hon. CHARLES A. DUNNING. (Minister of Railways and Canals): I am informed, Mr. Speaker, that these matters of seniority give considerable difficulty to the management of every railway in this country or in the United States. Up to the present it has been the policy of the management to endeavour, so far as possible, to have the men themselves, through their organizations, determine the broad general policy to be followed, provided that such a policy does not interfere with the proper management and conduct of the road, and does not add unduly to the cost of operation. With regard to the specific details to which my hon friend refers, there will, I am sure, be an excellent opportunity before the special committee which was appointed yesterday to go very thoroughly into details with the operating officers of the road, and I know that members whose constituents are affected will take advantage of that opportunity and get all detailed information regarding it.

Mr. POULIOT: Am I to understand that the new proposal will not be enforced until the committee has reached a decision?

Mr. DUNNING: I do not wish to convey that impression, Mr. Speaker. This is a matter for the management of the railway itself. The employees are under the control of the management, and I should not like to say that we could properly take the position that a committee of parliament should deal with such details as the conditions of employment of the railway men and their movement from place to place; but the committee

is entitled to the fullest information from the management as to their reasons for adopting any particular policy in this or any other regard.

IMPORTATION OF MINERS

GOVERNMENT EMPLOYMENT OFFICE ADVERTISING FOR MEN

On the Orders of the Day:

Mr. A. A. HEAPS (North Winnipeg): Mr. Speaker, this morning I received from Winnipeg the following telegram which I wish to draw to the attention of the government:

Yesterday the following notice appeared in the government employment office, one hundred miners (shooters and loaders) for shooting and loading coal. Must have experience and be able to qualify as miners. Single men preferred. Rates forty eight to fifty-five cents per ton according to height of seam. Applicants are expected to join union and be prepared to pay own transportation. Board eight dollars to nine dollars per week. Position permanent. Superintendents having applicants please communicate with superintendent of employment service of Canada, Sydney, Nova Scotia. We took this up with Bowman,—

Mr. Bowman, I might say, is the superintendent of employment service in the city of Winnipeg.

—who advised us to see Rigg.—

Mr. Rigg, Sir, is superintendent of the employment service for the Dominion of Canada, with offices in this city.

—We wired Rigg as follows: Employment office advertising for one hundred miners for Nova Scotia. Are you aware that the miners in Pictou county only working two days per week and hundreds idle? Cape Breton, Sydney Mines and Florence two days out of last two weeks. We protest government employment offices advertising for men under these conditions. Wire reply what you can do." We received the following wire in reply this morning: "Replying to your wire even date re miners for Nova Scotia. Coal production in Nova Scotia mines rapidly increasing and request for importation of European miners has been filed with the Department of Immigration. Our efforts directed towards meeting requirements from labour resident in Canada. We are advised that demand cannot be met in Maritime provinces. Signed R. A. Rigg." This is the lamest excuse ever heard. The following are the wires received from New Glasgow, Sydney and Glace Bay. Sydney, Nova Scotia. All mines in Sydney Mines area have worked about one week since first of January. Glace Bay area almost as bad. When mines are operating they are overcrowded and contract men don't make three dollars a day.—

Mr. SUTHERLAND (South Oxford): Mr. Speaker, I rise to a point of order. Are certain members of this House to have privileges which are denied to others in being allowed to read articles at considerable length on the orders of the day?

Mr. SPEAKER: I was just about to call the attention of the hon. member for North Winnipeg (Mr. Heaps) to the fact that it is not regular for a member to read a paper which he may have in his possession when putting a question before the orders of the day are called. A question of that nature should be placed on the order paper. Questions on the orders of the day ought to be short and to the point. I would advise the hon. gentleman to put his question on the order paper.

I may say to the hon. member for South Oxford (Mr. Sutherland) that no member has special privileges; all members have equal rights.

Mr. HEAPS: I will now put my question, Mr. Speaker, and then follow your suggestion. Is the government aware that the Besco corporation have asked for one hundred miners to be sent to Nova Scotia, when there are hundreds and hundreds of miners down there who at present are out of work or working part time only?

Hon. J. C. ELLIOTT (Minister of Labour): Mr. Speaker, so far as I am aware, the government has no information on the subject. I shall be very glad to look into the matter if I can have an opportunity of reading the messages which my hon. friend (Mr. Heaps) has been referring to.

Mr. MACDOUGALL: Mr. Speaker may I ask the Minister of Labour (Mr. Elliott) what attitude he will adopt in reference to this matter in view of the correct information which has been presented to the House by the hon. member for North Winnipeg (Mr. Heaps)?

Mr. ELLIOTT: I will let my hon. friend know when I decide.

Mr. HEAPS: Mr. Speaker, I could not quite catch the remarks of the hon. Minister of Labour. Do I understand him to say that he will undertake to investigate the matter and see what can be done?

Mr. ELLIOTT: Yes.

Mr. WOODSWORTH: Mr. Speaker, might I ask in that connection whether the Acting Minister of Immigration (Mr. Stewart) would permit the importation of one hundred Europeans to go to work in the Glace Bay district?

Hon. CHARLES STEWART (Acting Minister of Immigration): Mr. Speaker, if I caught the purport of the telegram correctly, it was that the Department of Immigration was being asked to permit the entry of

miners from Europe. I have no knowledge of such a request. Before granting it I would have to make due investigation to decide whether or not any labour of that character was required.

Mr. WOODSWORTH: Mr. Speaker, the information in the telegram comes from the superintendent of employment in Ottawa. The statement is distinct that an effort is to be made to induce European workers to come into the Nova Scotia coal mining area.

Mr. STEWART (Edmonton): All I can say is that, as Acting Minister of Immigration, I have heard nothing about the matter. When it was up before I was consulted, and I will be consulted again before anything is done.

OTTAWA COLLEGIATE INSTITUTE

AMERICAN COAL SPECIFIED IN CALL FOR TENDERS

On the Orders of the Day:

Mr. THOMAS CANTLEY (Pictou): May I ask my hon. friend the Minister of Mines (Mr. Stewart) if he is aware that the collegiate institute board of Ottawa is calling for tenders for 950 tons of coal? The class of coal specified is "American smokeless or steam coal, run of mine." Now, surely, Mr. Speaker, after all the efforts—

Mr. SPEAKER: Order. I assume the hon. gentleman is going to put his question.

Mr. CANTLEY: Will the minister be good enough to inquire into the situation and use his best efforts to induce the collegiate board to exercise some common sense in this matter?

Hon. CHARLES STEWART (Minister of Mines): Yes, Mr. Speaker, I will inquire; but I must point out to my hon. friend that the matter is not within our control.

Mr. STEVENS: The government is the biggest taxpayer, though.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Is it not a fact that the collegiate institute is under the control of the government of Ontario? That being so, my hon. friend should communicate with the provincial authorities.

Sir HENRY DRAYTON: It is a municipal institution.

[Mr. C. A. Stewart.]

CANADIAN NATIONAL RAILWAYS

PASSENGER RATES FROM THE WEST TO THE MARITIMES

On the Orders of the Day:

Mr. O. B. PRICE (Westmorland): Mr. Speaker, I should like to ask the hon. Minister of Railways and Canals (Mr. Dunning) a question in reference to the operation of the passenger traffic department of the Canadian National Railways. I am directing his attention to the matter because of the fact that it concerns Maritime people in the west, and I believe it is of sufficient importance to bring before the House. I will just briefly state what the complaint is. At the present time there is a regular passenger rate—

Mr. SPEAKER: Order. Will the hon. member kindly put his question?

Mr. PRICE: I think I am in order. I wish to ask the Minister of Railways if he would please use his efforts to see that people residing in Winnipeg at the present time, who desire to get excursion rates to the Maritime provinces will be treated the same as those wishing to go from Winnipeg to the west. The excursion rate offered in that case is less than the regular rate to Vancouver, Seattle and Victoria. I wish to ask if the minister would use his efforts, and I believe he will, to see that the people in the Maritime provinces are given reasonable excursion rates as well as the people in other parts of Canada. I should like the minister to know that the excursion rate from Winnipeg to Halifax and return is only ninety-five cents less than the regular rate, while from Winnipeg to Vancouver and return the regular rate is reduced $20.38. Will the minister endeavour to have this discrimination remedied?

Mr. SPEAKER: The hon. member is exceeding his rights in making comment.

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): I understand the hon. member has asked me to use my influence to bring about an adjustment in the matter of rates. I shall be very careful on every occasion before promising to exert any influence in any such case as that. I believe the laws of this Dominion prescribe certain methods whereby railway rate adjustment may be discussed and adjudicated. I shall be very pleased to make inquiries as to the condition to which my hon. friend has referred, but I am not going to make any promise to get anything done with respect to railway rates.

MARITIME RIGHTS COMMISSION

On the Orders of the Day:

Mr. I. D. MACDOUGALL (Inverness): I desire to ask the right hon. leader of the government if he can give the House any information as to when the commission appointed to investigate Maritime rights will hold its first sitting and where that sitting will be held?

Mr. MACKENZIE KING: The last word I had was that the chairman of the commission, Sir Andrew Rae Duncan, expects to be able to enter upon his duties in connection with the commission in the month of June. Just as soon as the chairman finds it possible to come out from England I understand the work of the commission will be proceeded with.

MR. JOHN HANNA

On the Orders of the Day:

Mr. M. E. MAYBEE (Northumberland, Ont.): I had a question placed on the order paper on March 22nd with reference to the dismissal of John Hanna and the Minister of Railways and Canals promised on May 6 to look into the matter. I should be glad to know from him whether he has carried out his promise?

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): If the hon. gentleman will give me the number of the order I shall be very glad to have the matter looked into to-day.

FRUIT JOBBER BROKER COMBINE

On the Orders of the Day:

Mr. GROTE STIRLING (Yale): In view of the fact that cherries were being picked in the Okanagan valley ten days ago, I wish to ask the Minister of Labour whether he is yet in a position to make the statement with respect to jobber owned brokerage houses to which he referred on April 22nd.

Hon. J. C. ELLIOTT (Minister of Labour): At the time to which my hon. friend refers an appeal was pending. Four of the brokerage houses were fined $25,000 each, and four individuals were fined a similar amount. An appeal was taken against those decisions on the ground that the judgment was not a proper one. On behalf of the crown a cross appeal was entered. Within the last few days I have received word from the gentleman in charge of that matter that the appeal has been withdrawn, and the government has decided that the cross appeal should also be withdrawn. I may tell my hon. friend that there are four other indictments preferred against those houses, but the present impression is that they will not be proceeded with at this time. A court is to be held in about three weeks and the cases are going to be traversed until the following court. Possibly later on, if it is considered that the jobber owned houses are carrying on business in a way that is detrimental to the berry growers, these prosecutions may be disposed of. So far as they are concerned no decision has yet been arrived at. If any further information is desired in connection with the matter I will be very glad to go into it very fully with my hon. friend or any other member of the House who may be interested.

RAILWAY CONNECTION IN STORMONT COUNTY

On the Orders of the Day.

Mr. C. J. HAMILTON (Stormont): I wish to ask the Minister of Railways if he will use his influence with the Canadian Pacific and the New York Central companies who have a junction point in my constituency, to ensure more regular connection than at present exists so that the local people may enjoy a better service.

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): I thank my hon. friend for the high opinion he evidently entertains of my influence. I shall be very glad to look into the matter and see if there is any way in which I can render help.

QUESTIONS ON ORDERS OF THE DAY

MR. SPEAKER DRAWS ATTENTION TO THE RULES

Mr. SPEAKER: With respect to questions put on the orders of the day I find the following in Bourinot's Parliamentary Procedure at page 355:

> Remarks with respect to a return not brought down in answer to an order or address, or on a matter of urgency, or of public business, or of personal explanation, may be allowed by the indulgence of the House, but not as a matter of absolute right. All questions and answers thereto—when answers are necessary—should be brief, and involve no matter of controversy or debate. A minister will sometimes request the member to put his question on the notice paper when he is not prepared to give a prompt and brief answer. If a member wishes to bring up a question of urgent public importance he should proceed under the provisions of rule 89.

WAYS AND MEANS

CUSTOMS TARIFF, 1907, AMENDMENT

The House in committee of Ways and Means, Mr. Duff in the chair.

Customs tariff—7. Meats, fresh n.o.p. per pound: British preferential tariff, 2 cents; Intermediate tariff 2½ cents; general tariff, 3½ cents.

Hon. J. A. ROBB (Minister of Finance): Yesterday my hon. friend the ex-Minister of Finance (Sir Henry Drayton) directed my attention to the question of the difference in the rate. I think he was following a copy of the consolidation of the customs tariff used in the department and sent out to the offices, but the half cent referred to in no way affects this.

Sir HENRY DRAYTON: That is what I wanted to know. The Australian rate remains at half a cent?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: And it is not in the special tariff, but it remains at half a cent?

Mr. ROBB: Yes.

Mr. SUTHERLAND (South Oxford): Would the minister inform us on what basis this increase is made in connection with this matter. It is true that it may apply to the Australian treaty, but how does it come that the increase of half a cent a pound is made, and that the tariff is not put on an equality with the tariff of other countries in regard to this product?

Mr. ROBB: The agreement with Australia was that we should give them a spread of three cents, and in transmitting the messages by cable a mistake was made, and this item is to corect that mistake, so that they will have a spread of three cents, instead of two and a half cents. It is an increase in the general tariff, raising the general tariff against the world, and automatically that gives Australia a spread of three cents. It does not change the Australian rate coming in, but gives them a half a cent more spread against the rest of the world.

Sir HENRY DRAYTON: The minister points out just exactly what happened with the Australian treaty. The real arrangement between Australia and Canada was that there should be a spread of three cents, and it was entirely in the hands of the government whether they would raise that rate in such a way as to protect the Canadian farmer, or whether they would not. Perhaps my hon. friend would answer the question of the hon. member for South Oxford better if he would explain why he did not make the Australian rate two cents, the same as the British preference tariff, and the general rate five cents.

[Mr. Speaker.]

Mr. ROBB: That is a question of policy.

Mr. SUTHERLAND (South Oxford): The policy in the future is, I presume, to be dictated by the tariff board?

Mr. ROBB: I think the Prime Minister has already made that very clear to the House and the country. The tariff board is an inquiry board to examine into conditions, but the government of the day must accept the responsibility, and the 245 members elected to this House from the different constituencies in Canada will have the last word to say as to what shall be the tariff policy of Canada.

Mr. SUTHERLAND (South Oxford): We are now dealing with an item in the tariff. Under the arrangements made by the government with Australia—and a few weeks before the election the same privileges were extended to New Zealand—Australia maintains a tariff of five cents a pound against similar exports from this country going to Australia. That is the reason. I asked the minister if he would inform the House upon what principle or basis this reduction was founded? There surely must be some principle, because a change of three cents per pound against imports of fresh meats from Australia is going to result in tremendous imports into this country of such products as mutton and lamb from that country, and it is going to be a great hardship on those engaged in producing similar meats in this country. So far neither the minister nor the government has informed the country why the reduction of two cents was made in regard to those commodities in those two treaties. It is quite apparent that, as a result of the treaty, our favourable balance of trade with those two countries has already decreased very much indeed, away up in the millions, and this is another evidence of an attempt to sacrifice the interests of agriculture to obtain some other concessions from other countries, and while on the surface it may appear as some degree of relief, as a matter of fact it is not, because of the danger to which I have referred of large imports from those countries. Now our good neighbours to the south of us are continually exporting into this country, or our people are importing from that country, large quantities, particularly of pork products, under this item, and instead of having an increase of half a

cent a pound, I think the government would be well advised to make that five cents a pound, and then have your tariff board inquire into the matter. It is surely a matter which should be remedied. It is absolutely unfair to those engaged in agriculture in this province that they should have to submit to conditions of that kind, because it affords a convenient channel for dumping to take place in Canada from the United States. It has happened in the past and is the practice to-day.

Mr. ROBB: Perhaps I had better place on record the real trade before any other hon. member speaks. My hon. friends opposite apparently change their policy every day. Heretofore they have been finding fault because of the importations from the United States and have said that we should increase duties against United States products and improve trade within the empire. That is exactly what we are doing under this legislation. We are increasing the rate against the United States and we are lowering the rate to the other British dominions where we have the preference. We have no preference in the United States. Let us look into it and find out how the trade has been flowing in recent years, and how farm products have been coming into Canada. The statistics I have here are not quite up-to-date, because they are for the year ending March, 1925, but I imagine they are fairly correct for the other years. The total importations of fresh beef for the fiscal year 1925 were $39,638; of that $69 worth came from other countries and the balance from the United States; or, in other words, the United States had all the business. Against that business we are adding an additional half cent tax. Now we come to mutton. My hon. friend has referred to the importations of mutton from Australia. During that year we imported a total of $221,596 of mutton, and $193,426 of that came from the United States. From Australia we imported $13,527 worth and from New Zealand $5,801, and let me say that New Zealand is four days nearer to Canada than Australia. We imported from all other countries $8,842 worth. Now we come to pork, and incidentally let me say we import pork during slack seasons for use in our packing factories, and very often when this is exported as bacon 99 per cent of the duty is rebated, but it gives employment to Canadian workmen in the slack season.

Mr. SUTHERLAND (South Oxford): Could you tell us how much we imported last year?

Mr. ROBB: We imported of fresh pork for the year I am quoting now a total of $1,095,778 worth. Where do we import that from? None from Australia, none from New Zealand none from any country but the United States. It all comes from the United States and against that we are raising the tariff one-half cent a pound. My hon. friend who has been preaching politics throughout this session rises to-day to protest against this change.

Mr. SUTHERLAND (South Oxford): I do not like a statement of that kind to be made when it is not based on fact.

Mr. ROBB: Of all other meats we imported a total of $26,585 worth of which only $19 worth was from countries other than United States.

Mr. SUTHERLAND (South Oxford): The minister will understand that I advocate increasing the tariff so as to make it equal to that of the United States against us instead of reducing or raising it by this amount, one-half cent.

Mr. ROBB: I cannot agree with that.

Mr. SUTHERLAND (South Oxford): The minister says that he cannot agree with that. That is the reason why I was asking upon what principle they based the increase of one-half cent a pound. It is to enable the Australians and New Zealanders to have an advantage of three cents a pound in our market. While the minister has given the figures for last year he does not need to go very far back to find that some years seven or eight million pounds of Australian and New Zealand mutton were imported into Canada. It is true that not very much was imported last year until the Australian treaty went into effect.

Mr. DAVIS: What were the importations of mutton from Australia prior to March 31, 1926, and what have they been since the Australian treaty went into effect?

Mr. ROBB: During March, 1925, we imported from Australia 17,074 pounds of mutton. In March, 1926, after this treaty was in force, we imported 4,640 pounds.

Mr. DAVIS: Let me suggest that a much fairer comparison would be to give the imports for the year ended March 31, 1926, and for the first three months under the Australian treaty.

Mr. GUTHRIE: If the minister will look at the return which he tabled to-day he will get some more light on the subject. It is only half an hour since the minister tabled a return on this point showing importations

prior to March 31 of this year. The figures which he gave for last year do not correspond at all with the figures for the year ended March 31 last. In meats, including beef and beef products, for the year ended March 31 last there was a total importation of $6,313,-579 worth from the United States and $645,-040 worth from all other countries.

Mr. ROBB: The only item under consideration was fresh meats and that is what I was referring to.

Mr. GUTHRIE: I was quoting from the return in regard to meat and meat products.

Mr. ROBB: Meat products is not involved in this.

Mr. GUTHRIE: I understand that and the House understands it. Going into details we find that of beef, fresh, chilled or frozen, there were imported from the United States 133,248 pounds of a value of $35,910 and from all other countries, $240 worth. Of mutton and lamb, fresh, chilled or frozen, we imported from the United States 1,072,134 pounds of a value of $229,361 and from all other countries—and this is where the great increase occurs—we imported 310,523 pounds.

Mr. ROBB: Included in that is some from Argentina.

Mr. GUTHRIE: The statement does not say whence it comes, but there is a marked increase in that item. Of pork, fresh, chilled or frozen, we imported from the United States 5,701,418 pounds of a value of $1,042,403. Practically all the importations of pork came from the United States. Hitherto, there has been against these importations a duty of three cents a pound. I suppose, following out its low tariff policy, this government would have maintained this duty of three cents a pound, but it was induced to change that by reason of a dicker with Australia and New Zealand, and the foundation of this part of the Australian treaty seems to be that we give Australia a clear preference of three cents a pound on beef, fresh, chilled or frozen, and on mutton and pork, in order to accommodate Australia which gives us nothing We now propose to increase the duty against the products of the United States by one-half cent a pound. The idea is not to give the farmers of this country any additional protection against the United States, although they will incidentally get an additional protection of one-half cent a pound, but to accommodate Australia. It is really to open the markets of the farmers of Canada to the people of Australia and not to afford any additional protection against goods coming from the United States.

What the hon. member for South Oxford asks is that our tariff on importations of these products from the United States be materially increased. The demand from this side of the House and from the farmers in Canada in general is that they be protected against importations of these goods from the United States. If the minister had listened to the arguments addressed to this House from time to time by the hon. member from South Oxford, he could realize only one thing, namely, that the hon. member for South Oxford, who is a farmer himself, made his demand plain and insistent and we on this side do the same. This additional duty of one-half cent a pound is of no value whatever; it will not check importations of United States beef, or mutton, or pork. If the minister will make a substantial increase in the duty against the United States he will satisfy part of the demand of the farmers of the country in this respect.

Mr. ROBB: I wish to put on Hansard now following a statement of the hon. member for South Wellington (Mr. Guthrie)—

Mr. GUTHRIE: Put in the whole statement.

Mr. ROBB: I will put on Hansard the statement as it is in the printed copy of the Trade of Canada for the twelve months ended March 31 of the three years, 1924, 1925 and 1926, so that hon. gentlemen can make a comparison as to the movement of trade:

Country, United States

	Importations		
	1924	1925	1926
	pounds	pounds	pounds
Beef, fresh, chilled or frozen	160,858	128,043	133,248

The importation from all other countries is only a bagatelle; it is not worth quoting.

Mutton, total importations	1,561,528	1,301,637	1,382,657

Now I will give the countries of origin:

Mutton

	1924	1925	1926
Country	pounds	pounds	pounds
United States	1,376,403	1,039,039	1,072,134
Australia	139,967	117,669	215,250

In other words, the reduction in imports from the United States has not been quite made up in imports from Australia. There is a difference of about 96,000.

Pork

	1924	1925	1926
Country	pounds	pounds	pounds
New Zealand	20,100	40,174	24,300
United States	2,039,955	7,860,831	5,701,418

Mr. DAVIS: I want to call the attention of the House, and especially of the minister,

to an important fact. For a few years past the raising of sheep has been one industry in which the people of the western provinces have taken a great pride. There was a time years ago when Australian mutton was imported in such large quantities on the Pacific coast as almost completely to destroy the industry in the western provinces, and in order to revive and stimulate the raising of sheep the duty was increased so as to shut out that imported mutton. Under the tariff as proposed to-day, however, there is such a reduction as to encourage the revival of the Australian trade with the result that Australian mutton will flood the Canadian market. The minister has given us the imports during the past three years. While, in 1924, 139,000 pounds came into Canada and in 1925 and 1926, 117,000 and 215,000 pounds respectively, I would point out that according to a return which was brought down in the House and which I have in my hand there has been imported during the first six months in which the Australian treaty has been in force no less a quantity than 185,643 pounds of Australian mutton which has been sold on the Canadian market. I earnestly urge that something be done to maintain this great industry in western Canada. The west is better adapted to the raising of sheep than it is to any other branch of the live stock industry. What I predicted before has come to pass in western Canada, where we find to-day sheep being sold at from three to four dollars per head less than before this treaty came into effect. I am firmly of the opinion that if something is not done to offset the influence of that agreement this industry will be, if not ruined, at least seriously injured. In the interests of sheep raisers, not only in western Canada but throughout the Dominion, I therefore appeal to the minister to increase the tariff and so protect and build up the industry we now have.

Mr. TOLMIE: I endorse what the hon. member says concerning the precarious condition of the sheep industry in Canada to-day. Our showing in this industry has never at any time been flattering to Canadian farmers and to the Canadian people generally. We have in Canada two and three-quarter million sheep as compared with forty million in the United States and eighty million in Australia. Immediately after the war Australian mutton and lamb were shipped into the United States through the port of San Francisco, and Argentine mutton and lamb through the Atlantic ports, to such an extent as to create alarm in the American industry. It was feared that these importations would destroy the industry there and without any waste of time the United States authorities increased their tariff with the result that the importations have been very considerably reduced, the home market being preserved to the American producers. The situation is quite serious from our point of view. The Australian and New Zealand sheep growers can produce both mutton and lamb cheaper than we can, indeed, cheaper than any other country is able to produce these commodities, and this is due largely to their favourable climatic conditions and to the fact that they can raise their stock on grass the year round. And when you consider this grave fact, that in years of drought in Australia and New Zealand mutton and lamb fall in price owing to the tendency to rush them on the foreign market before they become affected, there is a very great danger of these products being dumped in very large quantities on the Canadian market. Taking all these facts into consideration, therefore, I certainly think we ought to protect our sheep industry by means of larger tariffs both on mutton and lamb and on wool. We ought to frame our tariff to suit our own needs and should manage the affairs of this country to the best of our ability for the benefit of the Canadian people instead of being quite so generous with other countries.

4 p.m.

Mr. ARMSTRONG (Lambton): I wish to support most heartily the remarks of the hon. member for East Calgary as well as those of the ex-Minister of Agriculture (Mr. Tolmie). There is a large district given over to sheep raising in my part of the country, and the people engaged in the industry there are very much worried about the present tariff proposed by the minister. There is however another matter I want to emphasize particularly and in connection with which I would ask the minister a question. Does the minister know whether the attention of his colleague the Minister of Agriculture (Mr. Motherwell) has been drawn to the fact that the hog cholera prevailing, in western Ontario in particular, is attributed to the importation of American pork and that if that pork were kept out of the Canadian market there would be no fear of this disease in the various districts in which hogs are raised?

Mr. ROBB: That feature of the hog industry has not been called to my attention, but I suggest to the hon. member that when the estimates of the Minister of Agriculture are under consideration he might more properly discuss the subject. I am not disposed

to be drawn into an argument on that question to-day. However, I shall direct the attention of the Minister of Agriculture to the hon. gentleman's representations and ask him to be prepared to make a statement on the point. Regarding the remarks of my hon. friend (Mr. Davis), I think the hon. gentleman is somewhat astray. He said that the duty had been increased on mutton in order to encourage the sheep industry in Canada. I find that the duty on mutton has not been changed since 1906, notwithstanding that during a period of the time intervening my genial and good friend from Victoria, B.C. (Mr. Tolmie) was Minister of Agriculture and had ample opportunity as a member of the government to press his views on the tariff in relation to this matter. There has been no alteration in the tariff since 1906 until now, when we propose this slight change.

Mr. DAVIS: What was the duty prior to the change now proposed?

Mr. ROBB: My hon. friend from South Oxford (Mr. Sutherland) intimated that we had made a change of two cents. As a matter of fact, the change is only half a cent on the general. The previous rates were: British preference, two cents; intermediate, two and a half cents; general three cents. All we propose to do now is to increase the general by half a cent.

Mr. CAHAN: But let us be fair and frank in a discussion of this kind.

Mr. ROBB: Are we not?

Mr. CAHAN: That is what I would like to ascertain. You are now charging one-half cent on importations from Australia.

Mr. ROBB: But that has not been changed; that Australian agreement has been approved of by this House.

Mr. CAHAN: I will grant that, and therefore let us be candid about it.

Mr. ROBB: The only thing before the House is the increase in the general tariff.

Mr. CAHAN: No, that is not all, if I may say so. It is true that when the Australian treaty was brought down the duty was decreased to one-half cent per pound on importations from Australia. But the essence of the Australian treaty was not that that duty should be retained at one-half cent on importations from Australia, but that this House in its discretion might impose any duty per pound on those importations, provided that it gave Australia a preference of three cents per pound over importations under the general tariff. Is that not right?

[Mr. Robb.]

Mr. ROBB: That is right; that is what I stated.

Mr. CAHAN: Therefore, the essence of my criticism is that you have provided for a preference in favour of Australia of three cents per pound, but, so far as the Canadian producer is concerned, with respect to Australia you have reduced the tariff from three cents per pound to one-half cent per pound.

Mr. ROBB: But that has been settled and approved by parliament already.

Mr. CAHAN: That has not been settled and approved by parliament if you please. It has been settled and approved by parliament that Australia shall have a preference of three cents per pound, but it has not been settled by parliament that the Australian duty shall remain at one-half cent per pound.

Mr. ROBB: Oh yes, it has; with all due respect to my hon. friend as a lawyer, that was settled in the agreement of June, 1925.

Mr. CAHAN: It was settled in that agreement, with the further proviso that the parliament of Canada might impose any duty per pound it pleased upon importations from Australia, provided that Australia had a preference under the general tariff.

Mr. ROBB: My hon. friend is wrong again.

Mr. CAHAN: I read it so, and until my hon. friend convinces me to the contrary I am afraid I shall remain of that opinion. My suggestion is that the sheep industry of this country is one of our most important industries.

Mr. ROBB: We are agreed on that.

Mr. CAHAN: I remember in my native province of Nova Scotia when the sheep industry was the main reliance of a great many farmers. That industry, not only in Nova Scotia but in Quebec as well, which province my hon. friend and I represent, is simply fading away, while it could be made one of the best industries in the whole country. If you are bound to give Australia a preference, why not keep the two-cent duty against Australia and New Zealand, which would give some support to the industry in Canada, and raise the general tariff to five cents, if you see fit? I would rather see it at two and one-half cents against Australia and five and one-half cents under the general tariff. Let there be no misundertanding; this parliament, so far as its engagements with Australia go, is absolutely free to-day to make that change.

Mr. ROBB: I wish to correct that statement at once. My hon. friend, who is a good lawyer, will understand that we made a solemn agreement with Australia that they would be allowed in here under a tariff of one-half cent per pound. If we now jack it up to ten cents per pound can they put any mutton into this country? The trouble with my hon. friend's theory is that he wants to sell to all the world but does not want to buy anywhere. Yesterday it was agricultural implements; to-day it is mutton; to-morrow it will be automobiles, but in every case my hon. friend thinks he can always sell and never buy.

Mr. CAHAN: If I may be allowed to answer that statement, when this country gets back to economic common sense it will be the judgment of this parliament as well that we should not buy abroad, giving employment to foreign industries and foreign farmers and producers, those things which this country is better suited to produce than almost any other country in the world. Australia has exceptional advantages through years of experience in sheep raising on a large scale, but there is no reason why we should not have production of sheep in this country on a much larger scale than is the case at present.

Mr. ROBB: I will admit at once that we would have much more if some of the city and country dogs were muzzled. They are a greater menace to the sheep industry of eastern Canada than is the tariff.

Mr. CAHAN: If the dogs who sit on the government benches, not the farmers' dogs—

Mr. ROBB: I do not ask my hon. friend to withdraw that statement; the public will judge him by it.

Mr. JACOBS: I think the hon. gentleman really means the watch dogs.

Mr. CAHAN: I did not mean any unpleasant inference, but simply the watch dogs across the way.

Mr. SUTHERLAND (South Oxford): I asked the Minister of Finance to give us the principle upon which this reduction was based; aparently it is with a view to purchasing mutton from Australia. He has frankly admitted that if you put the tariff up it is going to shut out from this country the Australian products implying also that Canada is not capable of producing the mutton and lamb required for our own people. Surely no other inference can be taken from the minister's statement. Let me quote the statement of the Minister of Trade and Commerce of Australia when this matter first came before the Australian parliament on September 26, 1924. He refers to the fact that they are anxious to secure markets for their primary products, whereas Canada is anxious to secure a market for manufactured goods. He goes on to refer to the agreement which had been arrived at, and states:

> We can readily imagine that the concessions proposed by Canada on primary products,—

Proposed by the Canadian minister, not by Australia. We went there seeking to make a trade treaty with a country with whom we had a tremendous favourable balance of trade in our past dealings. The minister there went on to say:

> We can readily imagine that the concessions proposed by Canada on primary products, of which she is a large producer, will lead to criticism by representatives of Canadian primary producers on the ground that their interests are being sacrificed to Canada's need for markets for manufactured goods.

These so-called advocates of the common people, who are denouncing this party as friends of the big interests. Let me ask the minister whose interests were looked after by the government when they sacrificed the interests of those engaged in agriculture in this country in order to obtain this treaty. They made a similar treaty with New Zealand, a few days before the last general election, which has never been submitted to this parliament. Let me also remind the minister, when he says parliament put this law into effect, that many of those who voted in favour of that treaty are not to-day members of this House, having been defeated at the polls. This is a live question in this country to-day, and especially so when the government will not come into the open and let the people know where they stand and upon what grounds they base their interference with tariff stability. This continual interference, and tinkering, not knowing what the views of the government are, is a most disturbing factor in the country to-day; the people do not know what is going to be attempted next. With regard to the tariff board of which we have heard so much, the minister says, it is purely a board to investigate. After they investigate what are they going to do?

The CHAIRMAN: Order. I must ask the hon. gentleman to confine his remarks to the subject-matter under discussion.

Mr. SUTHERLAND (South Oxford): The minister having dealt with the matter, I assumed that I would be permitted to refer to his remarks. I ask, upon what grounds does the minister base the fixing of this item in the tariff? In other countries they have

tariff commissions. For instance, in the United States a short time ago the tariff commission took steps to ascertain the cost of production of butter in Denmark. They reported to the United States government that it was produced there for 12 cents a pound less than it cost to produce similar butter in the United States. Thereupon the president put the tariff up 12 cents a pound, or an increase of 50 per cent. The same thing happened with regard to wheat. The commission reported to their government that wheat could be produced in Canada for 42 cents a bushel less than it could be produced in the United States on account of the lower cost of land and the greater yield per acre in Canada. At once the duty against Canadian wheat was raised 42 cents a bushel.

Now, the minister would surely be well advised to ascertain the cost of producing meats in Australia, New Zealand, United States and in the Dominion. Does he contend that it is not possible to produce mutton and lamb in this country in sufficient quantities to supply the home demand? Is this country not producing all that is required along that line? If the minister takes that ground, I suppose it is some justification for his action, because while our friends opposite advocate free trade in relation to many things that can be and are produced in this country, yet they are strong protectionists when it comes to certain commodities that we do not produce. By way of illustration, let me point out that the tariff on tea is ten cents a pound. Does the minister think he is going to grow tea in this country? Here, however, is an item which we can produce in abundance and have a surplus for export. But there is always the danger of a tremendous importation of this commodity, just as happened this year in regard to butter. In that instance it will be remembered the government had to step in and apply the dumping clause because eight million pounds had been imported during the last few months. Their action, I contend, is absolutely unsound and not based on the principles underlying the dumping clause in the tariff. These are some of the anomalies in regard to our tariff, and I think the minister would be well advised to ascertain the cost of production of meat and meat products in this country as compared with the cost in the United States and other countries.

Let me point out, Mr. Chairman, that in other countries they do not call a tariff item "protection." My friends to the left rather imagine that every item in a tariff constitutes a certain degree of protection. The United States tariff commission refer to it as follows: For example, the existing duty on a particular commodity does not equalize, as between the foreign and domestic manufacturer, the production costs ascertained as provided in the statute. It is the function of the commission to make investigations to assist the president to find a rate which will tend to correct the inequality. Now, if those commodities can be produced in another country cheaper than in this country, is not that a sound argument for affording a corresponding degree of protection, particularly on an item such as this? Meats and meat products are things that this country can produce in abundance, but the government is doing nothing to encourage those engaged in raising live stock; in fact, it is not making the slightest attempt to redeem the promises contained in the Speech from the Throne to induce farmers to remain on the land and also to persuade those who have had training in agriculture but are now living in urban centres to go back to the land. Does the minister think he is carrying out those promises by removing the small degree of protection our farmers have?

There is a scheme on foot to give the farmers in this country what is termed rural credits. They are not asking for rural credits. They are asking the government for some reasonable degree of protection. Let the government give them a fair chance. Do not allow the surplus products of another country, products which can be produced cheaper than in Canada, come in here and deprive our farmers of their home market. The minister states: Why, we are doing this for some reason. But the Minister of Trade and Commerce in Australia has given us the reason in specific terms: This government has sacrificed our agricultural interests in order to obtain a market for our pulp and paper people. That was the big consideration which impelled the government to move in this direction. If the minister is well advised he will change the item in the general tariff from three and one-half cents to five cents a pound. I am satisfied that this will be a stroke in the right direction and will result in greater benefit to this country than anything the government has attempted since it came into office.

Mr. ARMSTRONG (Lambton): Mr. Chairman, I do not propose to allow the minister to set aside the statement which I have made in regard to the development of hog cholera in this country being largely due to the importation of pork from the United States by saying that he and the Minister of Agriculture will talk this matter over before finally disposing of it. It is a matter

for the Minister of Finance to take into consideration at this time when he is dealing with the tariff. He can raise the general tariff and shut out pork from the United States; or if not he can do just exactly what the United States would do under similar circumstances, he can place an embargo against that pork. I would ask the minister again if that was a fair statement for him to make, that by merely consulting with the Minister of Agriculture the matter would be considered. Why is it not possible for him to consider it now and deal with it either by raising the general tariff against pork and pork products from the United States or placing an embargo against their importation? If those products from the States are responsible for the hog cholera that has developed in different parts of this country, especially in my district, then either of the remedies I have suggested should be applied at once.

Mr. ROBB: Mr. Chairman, when I became a member of parliament in 1908 one of the first members I met was my hon. friend from East Lambton, who has been in this House as long as I have with the exception of the few years when we missed his genial countenance ,and he knows as well as I know that we have statutory authority to place an embargo against the importation of animals if it is found that they are suffering from any contagious disease. As a matter of fact the Department of Agriculture does apply this remedy occasionally. Now, if my hon. friend can establish to the satisfaction of the Minister of Agriculture that there is hog cholera prevailing anywhere in any of the states whence we are importing hogs, the minister of that department will be the first to stop the importation.

Mr. ARMSTRONG (Lambton): Would the minister allow me to answer him now? At the first meeting of the agricultural committee the Deputy Minister of Agriculture gave an address, in the course of which he referred to the importation of pork from the United States, and he said in my presence and in the presence of other members of that committee that this importation was responsible for the hog cholera that had developed in this country. I would think that sufficient justification for the Minister of Agriculture to apply the embargo right away.

Mr. VALLANCE: With respect to what the hon. gentleman has just stated, may I say that the deputy minister was asked if it was possible for hog cholera to find entrance through the importation of dead meat. His reply was that it was quite possible, just as every farmer knows that it is.

Mr. DAVIS: As a member of the Sheepbreeders' Association of the province of Alberta, and being a sheepbreeder myself, I fully appreciate the importance of this industry. I want to impress upon the government that if the sheepbreeding industry is to be maintained in this country as it should be the Canadian duty on Australian and New Zealand mutton will have to be changed. If the government want to destroy that industry all they have to do is to leave the duty where it is. Let me say in that connection that the people of Canada through their respective governments have spent hundreds of thousands of dollars in developing the industry to its present stage. In every province the government have been spending money year after year buying the very best of stock and distributing it among the farmers with that object in view. I know of cases where the owners of herds of sheep—

Mr. ROBB: Flocks.

Mr. DAVIS: Flocks or herds—have lost a considerable sum of money since the adoption of the Australian treaty. Furthermore, I am positive it is going to have the effect of driving quite a number of the men engaged in this industry out of the business. I venture the statement that we should conserve the Canadian market for everything we can produce. Our object should be to stimulate to the greatest extent possible every Canadian industry. In the interests of this particular industry I urge the minister to reconsider his decision in this matter.

Sir GEORGE PERLEY: I wish to say a few words in support of the view expressed by the hon. member for East Calgary (Mr. Davis). I am one of those who believe in the idea that we should protect our own people; that so far as possible we should produce or grow at home everything we need for our own use; and if any class in the community is entitled to protection it is the Canadian farmer.

I have listened to the hon. member for St. Lawrence-St. George (Mr. Cahan) and the minister discussing the question of the Australian rate of duty and the effect an increase in the general tariff would have upon the Australian treaty. I must say that I am not very conversant with that subject, but my feeling would be that the hon. member for St. Lawrence-St. George is right in his view. I would remind the Minister of Finance of the point raised by the hon. member for North Oxford (Mr. Sutherland) that if the raising of the general tariff to five cents is not going to affect the rate under the Aus-

tralian treaty he can have no objection to the increase. I think the general tariff should be increased to five cents a pound, and I ask the minister to agree to that course.

Mr. EDWARDS (Frontenac): I presume the minister has arrived at the 3½ cent rate under the general tariff in order to give a preference of three cents per pound to Australia and New Zealand under the treaty that was entered into with those dominions. But is he aware that while he taxes lamb, we will say, at 3½ cents a pound the United States tariff on our lamb going into that country is four cents? It seems to me the minister should have regarded that as one reason why our tariff should be raised to some extent, at least, as against the United States; and I see no reason why, even though we have an agreement with Australia and New Zealand for a rate of half a cent a pound in their case, the general tariff should not be increased from the 3½ cents proposed here. Surely there would be some semblance of logic and reason in the minister's conduct if he did that. Manifestly he is giving Australia and New Zealand a preference of three cents a pound under the agreement entered into, and then he proposes that the general tariff against all other countries should be 3½ cents a pound. Well, I suggest to him that the general tariff as against the United States should be raised to a figure as high as their tariff against us. I am supported in making that appeal to the minister by the trade figures not simply applicable to one year but covering a period of years. For instance, if you take the five years, from 1920 to 1924 inclusive, you find that we imported from the United States in that period 274,354,713 pounds of meat, of a value of $55,442,000. Our exports of meats to the United States in the same period only amounted to $29,331,000. I cannot get away from the idea that inasmuch as our total exports for those five years amounted to $221,000,000—we were sending meats to all parts of the world—the reason we did not export a greater quantity to the United States was because their tariff shut out importations from Canada to a certain extent. On the other hand the reason why the United States supplied us with such large quantities was because our tariff made it possible for them to do so. In the same period we imported from Australia and New Zealand nearly 10,000,000 pounds of meat. Our tariff was very favourable to these two dominions, being very much lower than their tariff against us. Now, how much meat did we send to Australia and New Zealand during those years? In all only $25 worth. It is no further from Canada to Australia than it is from Australia to Canada. Australia has a surplus of meats and we have a surplus also. They are looking for markets for their surplus and so are we. But Australia says to the world through its tariff: We do not want your meats, we do not want your butter. We are producing more of those commodities than we know what to do with, and we propose to keep your butter and your meat out of our country in order that our people shall consume our own products. On the other hand we turn round to them and say: While you debar us from marketing our surplus in your country we throw our doors open and invite you to come in here.

There is another matter in connection with the question of meats to which I wish to draw attention. Something has already been said about the importance of protecting the sheep industry. There is this further fact that should be noted: We permit wool to come into this country free. But if we have any wool to export and want to send it to the United States they charge us a duty going as high as 42 cents a pound. I think it is utterly impossible to give any encouragement to the sheep industry in Canada if we not only expose the raisers of sheep in this country to the importation of the surplus production of mutton and lamb from Australia and New Zealand, but also expose them to the free importation of wool. That is not a fair deal. We have only about two and three-quarter million head of sheep and lambs in Canada and there are certain climatic conditions which militate against us in competing with countries like Australia and New Zealand where the sheep and lambs number 104,000,000. Australia and New Zealand are the greatest meat exporting countries in the world; they have advantages in the production of meat which we have not in Canada. I say to the minister this afternoon what I have said repeatedly in this House: However much people may theorize along free trade lines, we cannot and should not get away from the practical, and we cannot and should not shut our eyes to the fact that we have a winter in Canada which puts our farmers at a disadvantage in competing with countries such as Australia, New Zealand, Argentine and the Southern States. In regard to the sheep industry, you have only to travel over Canada to be impressed with this, no matter where you go. The province of Nova Scotia, parts of Ontario and Quebec, and certainly parts of the west, particularly Al-

berta, are specially adapted for the production of first class sheep, and if encouraged as they should be encouraged, I believe that industry will grow. I appeal to the minister in this regard, and I say that his tariff is illogical from the standpoint of looking after our own, in giving Australia and New Zealand a preference of three cents per pound. It is also illogical, though not to the same extent, in giving United States a preference of half a cent a pound on meat. If he will tell me any reason on earth why we should allow lamb to come into this country from the United States under a tariff of half a cent less than they charge us I should like to hear it. It does not occur to me what the reason can be. It seems to be illogical and unfair, and I think that it can only have one effect on this industry, and that is to drive it out of existence altogether.

Mr. SUTHERLAND (South Oxford): I did not point out when I was on my feet before that the American tariff is 20 per cent against our meat exports going into that country, and if the suggestion I made were put into effect, namely a tariff increase to five cents a pound, even though it applied to the trade treaties with New Zealand and Australia, it would still leave the tariff as low as two cents a pound on mutton and lamb coming in from those countries, which is altogether too low and unfair. When I said five cents a pound I did not feel that that was as high as the tariff should be in that respect, because there is no lack of facilities in this country for producing everything that is required along that line. I therefore move, seconded by the hon. member for East Calgary (Mr. Davis):

That the tariff item number 7 in the general tariff be amended by striking out the figure 3½ cents and inserting in lieu thereof the figure 5 cents.

Mr. ROBB: I direct your attention to what I am sure you already know, and what surely my genial friend the former Minister of Finance knows, that the amendment is out of order.

Sir HENRY DRAYTON: On what ground?

Mr. ROBB: It increases taxation. However I am in the judgment of the committee.

Mr. MANION: Speaking to the point of order, I submit it is not necessarily an increase of taxation at all. You may raise the tariff, and you may not import the pork, and if there is no importation, there is no taxation whatever. Therefore I submit it is not necessarily an increase of taxation at all. If the amendment is not out of order on some other ground than that, then it is in order.

The CHAIRMAN: Sir Thomas Erskine May, at page 462, says:

The principle that the sanction of the crown must be given to every grant of money drawn from the public revenue, applies equally to the taxation levied to provide that revenue. No motion can therefore be made to impose a tax, save by a minister of the crown, unless such tax be in substitution, by way of equivalent, for taxation at that moment submitted to the consideration of parliament; nor can the amount of tax proposed on behalf of the crown be augmented, nor any alteration made in the area of imposition. In like manner, no increase can be considered either of an existing, or of a new or temporary tax for the service of the year, except on the initiative of a minister, acting on behalf of the crown.

Then again May, at page 463, says:

So long as an existing tax is not increased, any modification of the proposed reduction may be introduced in the committee on the bill, and is regarded as a question, not for increasing the charge upon the people, but for determining to what extent such charge shall be reduced.

I therefore have to rule the amendment is out of order.

Mr. ROBB: Now that we have got back to order again, may I just place on record the facts about the sheep industry of Canada and the injury to trade by importations. For the year 1926 we exported of mutton $593,475, and we imported $269,145; or in other words we exported almost double the quantity we imported. My hon. friend from Frontenac (Mr. Edwards) has referred to the duty imposed by the United States. He will be interested to know that out of our total exports of $593,475, $523,130 was exported to the United States.

Mr. TOLMIE: With regard to the matter of importation of pork, I may say that it is generally accepted that hog cholera can be conveyed to other animals by the fresh, or even cured meat, of an infected hog. We have provided against that disease in Canada by quarantining live hogs for a period of about two months at the boundary line, making it impossible to import hogs for slaughter under those conditions, on account of the heavy cost of the quarantine. We have also recognized that fact in our garbage feeding regulations of the Department of Agriculture, whereby garbage feeders are compelled to cook all garbage very thoroughly before feeding, and we have other regulations in connection therewith.

With regard to the minister's remark concerning the period in which I was Minister of Agriculture, and my failure at that time to impose a tariff on American mutton or sheep, or to increase that tariff, let me say that I went into office late in 1919, and I went out after the earthquake in December 6, 1921. The hon. minister will no doubt

remember that during that period the American government were considering the increasing of their tariff on agricultural products, and at that time it would have been in my opinion very injudicious indeed for us to aggravate the situation by making any suggestion for an increased tariff on this side. I would like to point out to the minister that they have occupied the treasury benches since December, 1921, up to the present moment, and have done nothing in the way of giving the farmers and producers on the land of this country any increased protection.

Mr. ROBB: Now when we are trying to give them that protection you stop us.

Mr. TOLMIE: You now propose to take off the protection against the greatest sheep and lamb producing countries in the world, and put it on as against the United States.

Mr. CAHAN: I have before me now chapter 30 of the statutes of Canada of 1925 giving the provisions in relation to the British preferential tariff concessions made by Australia to Canada and vice versa. It is true that in the schedule under tariff item 7, meats fresh n.o.p., the tariff rate is one-half cent a pound, but in the act of ratification and in the treaty itself it is provided as follows:

> Provided that the proportionate difference between the rates set out opposite the items above enumerated in this schedule and the general tariff rates under the said items respectively shall at no time be less than it is at the time when the said above-mentioned rates come into force.

Under that provision it is very clear that this parliament, within the rights reserved under the treaty with Australia, can raise the tariff on importations on fresh meats from that country to any rate per pound this parliament may in its discretion deem advisable, provided that the general tariff rate is raised proportionately or to exactly the same extent.

Mr. FORKE: We suffer from several disadvantages at this end of the chamber. We do not as a rule hear what is going on; we miss many of the speeches, and we have great difficulty in catching the eye of the chairman. I am sure I have several times risen ahead of any other member, but I have failed to catch the chairman's eye. We have however to put up with those little disadvantages. It has been suggested that we have another chairman at this end of the chamber. So much has been said regarding the deplorable condition in which the sheep industry finds itself at present that I feel I must say a few words on the matter. I am not wholly a wheat farmer; I raise both cattle and sheep. There is no part of the industrial life of the farm that is at the present time so profitable as sheep raising and I am going to give the House the exact figures as to the price I received for my lambs last year. I sold the lambs from their mothers, without their getting any other feed than they got from their mothers, and the grass they got, at $10.50 apiece. That means $21 from one ewe. The ewe got nothing but some straw and hay, costing almost a trifle, to bring her through the winter, and in the spring a little grain and the roughage she could pick up in the yard. Under such circumstances when you get $21 from one ewe in addition to the value of her fleece, I do not know of any other agricultural pursuit in the Dominion that pays as well as sheep raising. There are in connection with sheep raising some disadvantages to which I want my friends to the right to pay attention. One great disadvantage at present is the price of fencing, because there is a duty of 30 per cent on woven wire. I want the hon. member for South Oxford (Mr. Sutherland) who is so anxious to help the sheep-raising industry to get woven wire fencing down to the lowest possible price.

Mr. SUTHERLAND (South Oxford): Did the removal of the duty lower the cost of barbed wire? Did it not raise the price?

Mr. FORKE: We will take a chance in any case. In regard to wolves, all the wolves in Canada are not after the sheep. There is no doubt this is a serious drawback on the prairies in connection with sheep-raising and woven wire fencing with a mesh too small for wolves to get through would be of advantage so that sheep raisers would be greatly assisted if the price of wire fencing were reduced. On everything you sell the cost of production has a great deal to do with the profits likely to be made. As regards agriculture, our complaint is that everything we buy is too dear.

Mr. EDWARDS (Frontenac): What is the duty on wire fencing?

Mr. FORKE: I cannot say exactly. I think it is about 30 per cent. Some of my hon. friends would expect me to be a walking encyclopedia when I begin to speak, but I am not that. As farmers we have always claimed that we are able to compete with our products in the markets of the world and we are not complaining so much about the products regarding which my hon. friends are asking this afternoon. Anyone who has studied agricultural conditions knows that all the agricultural importations into Canada will not make much difference. President

Coolidge said the other day that within the lifetime of his hearers the United States would be the greatest agricultural importing country in the world. The United States does not balance its budget to-day on agriculture; it is importing instead of exporting so far as the balance is concerned. I know of course it exports meats, wheat and cotton, but the day is approaching very fast when those exportations will cease and that will be Canada's day. The Canadian agriculturist can compete with the farmer anywhere else in the world if he has a fair chance and is able to produce at the cost at which he ought to be able to produce. I want to tell my hon. friends that when they talk of benefiting agriculture they begin at the wrong end. I notice a tremendous difference between this parliament and the last one in this regard. In the last parliament the whole stress was on industry, but in this parliament there is a new move. The board of strategy must have been at work again and the whole idea to-day is to teach the farmer that he can be benefited by protection. I hope he will never fall for that.

Mr. MANION: I have listened to the hon. member for Brandon (Mr. Forke) and he is hardly fair when he makes any such statement as he made when he sat down, namely, that in the last parliament we were not interested in farming; that we were interested only in what he called industry. In the first place all people in this country admit that farming is the greatest industry of all; but even laying that aside, our whole attitude has been since I have been in this House—and I have been here for some ten years—to protect all classes of producers in Canada. This has not been any move of the so-called board of strategy—and I do not know where that name came from—but it is a move on the part of the Conservative party, in consistently living up to the policy of protection, to endeavour to build up all the different industries, the farming industry, the manufacturing industry and the industry of the labouring people of this country by a consistent policy of protection. Among his last words he quoted something from President Coolidge. I would suggest that he quote what Mr. Coolidge said a short time ago when he declared that the duty on butter should be increased from eight cents to twelve cents—while our duty against American butter was only four cents. Why did President Coolidge make that statement? Simply because the farmers of the United States had asked him for protection against Canadian butter going into that country. When therefore the hon. gentleman undertakes to quote President Coolidge he ought to quote him in full.

Hon. gentlemen opposite are inclined to charge us with playing politics when we speak in the interests of the Canadian farmer.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: Hon. gentlemen say "hear, hear": evidently they judge us by themselves. I do not know how many farmers there are in this section of the House, and indeed I shall take the trouble some day to count them up. But I can say without the slightest hesitation that there are a large number of farmers in this party, gentlemen who have made a success of agriculture, who are just as vitally interested in the welfare of agriculture in Canada as are other hon. gentlemen who presume to speak on behalf of the farmers of Canada. Any man with ordinary intelligence—and I hope we are all intelligent enough to understand the facts—must believe that the good of the farmers is the good of Canada. We believe in protecting the farmers, whether they be sheep growers or any other class.

Now to come to the item under discussion. I have not taken the trouble to retain in my mind the figures which I have seen myself, but I am informed that Canada has probably the smallest number of sheep of any agricultural country in the world. Someone says that Australia, for example, has at least forty times the number of sheep we raise in Canada; and more than that, the number here is steadily going down. I am not going to argue with the minister the necessity for increasing our duty on mutton and lamb coming into Canada from Australia, because apparently he has made up his mind that there shall be no changes in this regard, and no doubt he has enough support to carry out his intention. I will, however, argue this point with him. When the Australian treaty was first discussed the basis upon which it was considered was the desire of Australia for higher duties on nearly every commodity which she might ship into Canada when those commodities come from other countries; and it was only after extended negotiations between the present minister (Mr. Robb) and the Australian government that it was decided to concede these low duties to the United States and other countries on many of the products which the Australian producers are exporting to this country. In short, they aimed at an increase to other countries in the duties on goods they wanted to sell to Canada, and it is obvious that Australia would be only

5 p.m.

too glad to have our duty on mutton and lamb increased to other countries so long as it was reduced to Australian sheep raisers. I submit to the minister, therefore, that so far as this item is concerned he will only be carrying out his treaty agreement with Australia by shutting out a large proportion of mutton coming from the United States by imposing a protective tariff against that country. Such a duty against the United States would serve the double purpose of fulfilling the treaty with Australia—indeed, it would enhance the value of the treaty to that country—and, to some extent, of assisting the Canadian sheep industry in so far as it would protect our producers against the United States. What harm an increase in duty against United States producers could do to the raisers of sheep in Canada is something that passes my comprehension. It certainly could do nothing but improve the position of the industry in Canada. No matter what the hon. member for Brandon (Mr. Forke) may think of protection in general, I do not think he should have any objection whatever to the sheep growers, himself included, making a greater profit out of the industry by securing the home market.

Mr. FORKE: The United States farmer has been deceived in the belief that protection would do something for him and I do not want the farmers in Canada to be deceived in the same way.

Mr. MANION: I do not want to be in any way offensive to my hon. friend, but it seems to me that the hon. gentleman has the idea that the only farmers who have any intelligent grasp of fiscal matters come from Brandon and vicinity. I fancy that the farmers of the United States are sufficiently intelligent to understand their own interests, and they have consistently demanded of the United States President, and received from him, an increase in the tariff on agricultural products going into the United States from Canada.

Mr. FORKE: The hon. member knows very well that agriculture in the United States, especially in the northwest, is in a deplorable condition, and that the farmers are asking the government to take care of their surplus products.

Mr. MANION: That only adds force to what I say: they want the United States government to protect them in every way. If the hon. member will look up the figures he will find that since the Fordney tariff went into force the exports from Canada to the United States in respect of a large number of agricultural products have declined many-fold. Now, for the life of me I cannot understand the attitude of any farmer in Canada who feels that we should treat the American farmer or, for that matter, any producer in the United States, with any greater degree of consideration than they are prepared to show us. I think we should improve the sheep industry of this country in every possible way, and one means of doing so would be an increase in the duty on mutton and lamb coming from the United States, even if we leave the duty on imports coming from Australia at the figure which the minister proposes.

The argument is frequently put forward that unless you sell you cannot buy; there must be freedom of trade. How is it that some of the most highly protected countries in the world, such as Germany before the war, the United States to-day and France, if you will, keep on trading with other nations on such a large scale in face of the high protection they maintain? They keep on trading because they buy such lines of goods as they do not themselves produce, and export such goods as are not protected or produced in other countries. Trade is always going on between countries, and the fact that we may protect the sheep industry in this country is not going to stop our trading with the rest of the world.

An hon. MEMBER: Is my hon. friend aware that our foreign trade per capita is three times that of the United States?

Mr. MANION: I do not know that that has anything to do with the question, inasmuch as what is of importance to any country is not the foreign trade but internal business, the ability of the people to buy and sell among themselves and to provide work and wages for their workers rather than force them to go to highly protected countries to seek a living.

The CHAIRMAN: Several hon. gentlemen are rising in their places evidently to ask questions of the hon. member who has the floor. I must point out that if the work of the committee is to proceed we cannot have a second budget debate. Hon. gentlemen must allow the member for Fort William (Mr. Manion) to continue uninterruptedly.

Mr. MANION: I am nearly through anyway, Mr. Chairman. I saw many of my good friends from Saskatchewan, whose views are supposedly the quintessence of all that is in the interests of the farmers, waiting for an opportunity to differ from me. Let me make one more appeal to them; it is this. Let us

treat the United States, in relation to all branches of industry, including the raising of sheep and the production of mutton, lamb and wool, in the only way in which one self-respecting people should treat another. Let us adopt the honourable and the proud principle of doing unto them as they do unto us, and we shall secure their respect. The only principle on which we shall ever be able to transact business with them to our own satisfaction is to deal with them in a strictly businesslike way.

Mr. ROBB: I am very glad, Mr. Chairman, that you directed our attention to the fact that this is not a second budget debate, nor is the Australian treaty under consideration. I think I have sinned as much as anyone else in that regard. As I explained, this increase in the general tariff is to meet the agreement with Australia providing for a three-cent preference, but there is no lowering or changing of the Australian treaty. They say a woman has the right to change her mind occasionally and perhaps a member of parliament also has that right. The hon. member who has just taken his seat was not opposed to the Australian agreement last year, and all we are asking now is to carry out this agreement. I recall that the hon. member for Fort William (Mr. Manion) was one of those who came to my room urging that this Australian treaty be proceeded with. Let me tell my hon. friend, as well as other hon. gentlemen who have criticized this Australian agreement, that they may not criticize it very long if they continue to pursue their present tactics. Australia will settle that, and Australia may settle it very quickly. Some of the gentlemen who came canvassing me to put this agreement through will have to take the responsibility if Australia cancels an agreement which has been very profitable to this country.

Mr. SUTHERLAND (South Oxford): Would the minister inform us in what way it has been profitable to Canada? Has not the favourable balance of trade decreased?

Mr. ROBB: We have increased our trade enormously, and the farmers who supply the foodstuffs for the men working in the paper mills, and those men as well, all receive additional benefits. The hon. member for Fort William not only urged me to put this treaty through when there was some doubt whether it would be proceeded with, but he was one of those who loyally stood up and voted for it. To-day he attempts to delay the passing of an item which is designed to carry out that agreement.

Mr. MANION: I ask the privilege of replying for a moment or two. The minister has implied that I was inconsistent this afternoon in relation to what I said last year. I do not think I have shown any inconsistency; no man either in or out of this House ever heard me attack the Australian treaty, in which attitude I am at some difference with hon. members around me. But I would like my hon. friend to be fair; I said this afternoon that he could do something to enhance the value of this treaty to the Australian people by raising the duty on sheep and mutton coming from the United States. I do not criticize anything he said about my having been one of those who asked him to put this treaty through. As a matter of fact I gave my reasons for so doing last year; if I had Hansard I could read my own words, but I said that I thought the Australian treaty was in some ways bad for the farmers of this country. At the same time, since northern Ontario was a large producer of pulp and paper; since I represent a constituency in that part of the province, and since the pulp and paper interests were deriving some benefit from this treaty, I must take the lesser of the two evils. But it will also appear in Hansard that I said then that if we got back into power, as I thought we were going to after the last election—

Some hon. MEMBERS: Hear, hear.

Mr. MANION: We did virtually get into power, although we do not now have the reins of power. My good friend the Minister of Finance and his confreres are too fond of power to give it up so long as they can get a group of any kind to support them. I want to point out that in making that statement last year I said that the first thing I would advocate if we got into power would be a general, all round increase of the tariff on agricultural products from every other country of the world. So I was absolutely consistent, and if the Minister of Finance thinks he is frightening me at all by threatening that Australia will cancel the treaty, he has another thought coming to him. I am not so easily frightened as all that; it is up to the people of Australia. My argument is that we can enhance the value of this treaty to the Australian people and improve conditions in this country as well by treating other countries as they have treated us.

Mr. McGIBBON: I only rise because of the remarks of the hon. member for Brandon (Mr. Forke). I would like to tell him that there were men in this House advocating the cause of the farmers and workmen of this

country long before he had a seat here, and I was among them. There will be those advocating this cause long after he is out of this House as well. I might say, too, that I represent a constituency which had two representatives supporting the party to my left and the party opposite during the last election; neither of them came back.

The CHAIRMAN: I cannot allow the hon. gentleman to get away from the item under discussion. I allowed a great deal of latitude, especially to the Minister of Finance and the hon. member for Fort William, but I cannot allow it to go further.

Mr. McGIBBON: Very well, Mr. Chairman; I gladly acquiesce in your ruling. I started to say that I represent the farmers of a large constituency who want protection on sheep, on wool, on beef of all kinds, and in fact on everything produced by the farmer. The hon. member for Brandon said that the sheep raising industry is one of the most profitable on the farm. If that is his judgment it is not the judgment of the great body of farmers of this country. In support of that statement all I have to say is that there are less sheep in Canada to-day than there were thirty years ago, and that the proportion of sheep in this country as compared with other countries is very small. I might also tell the hon. member that of the seventy million pounds of wool used in this country, only fifteen million pounds is produced here. If this is such a profitable undertaking as he would lead us to believe, why does this condition of affairs exist? I would also point out to him and to the Minister of Finance that the actions of this government, especially in the French treaty, have hurt the sheep industry very much. I simply point out that the importation of woollen goods has increased 500 per cent since that treaty was made. Now we have this government practically slaughtering the protection on fresh meat.

I am not a lawyer, but I have a great deal of respect for the opinions of the hon. member for St. Lawrence-St. George (Mr. Cahan) who sits in front of me. This House is bound by the Australian treaty until notice of cancellation is given, and we must keep the agreement. If Australia sees fit to break it, I think it would be a godsend to Canada. I am not one who advocates the giving of preferences to a few manufacturers of pulp and paper—who, by the way, are not Canadian citizens, if I am correctly informed—as against the interests of our farmers. I would recommend to the minister that he adopt the suggestion of the hon. member for St. Lawrence-St. George and raise the duty to five cents per pound, which will give Australia the preference we are bound to give and at the same time provide additional protection to this great industry in Canada. It must be protected, Mr. Chairman, if it is to succeed. There is not enough protection given to it to-day to enable it to continue and thrive. As representing what is largely an agricultural constituency in this province, I am here to voice the requirements of the people in the way of more protection not only for live stock but for everything they grow. I hope the minister will act upon that suggestion.

Mr. FOSTER: Mr. Chairman, when any subject is raised in this House which has for its object the protection of our farmers, I am always ready to support it. In the part of the country from which I come we are not able to produce meats, simply because of competition from other sources, largely from the United States. In fact, in the county of Hants-Kings it is not an uncommon thing to find United States butter, eggs and meats served in the very heart of an agricultural country. I notice my hon. friend from Yarmouth is listening to that, and I hope he will take it into consideration, because he can go into practically any store in that section of the country and find those commodities on sale. In the province of Nova Scotia we are trying to build up a meat-producing industry. There is not any question but that we can produce live stock in Nova Scotia to ship to the Old Country in competition with any other part of Canada. True, it can be raised cheaper in the western provinces, but the difference in freight rates gives us almost an even break.

The CHAIRMAN: I must ask the hon. member to confine his remarks to the item under discussion.

Mr. FOSTER: I will come to that in a moment, Mr. Chairman. All these things arise out of what we are discussing here. My hon. friend from Brandon deviated slightly from the subject matter a moment ago to tell us that the farmers of the northwestern states were in such a precarious condition that they were asking congress to pass a bill to increase the price of their surplus products. Since 1921 the farmers in those states have been enjoying such enviable prosperity that it has been practically impossible for our twenty-one government agents in the United States to bring any of them over to Canada. If their condition is not somewhat better than the condition of our farmers, why do they not come across the line?

Mr. STEWART (Edmonton): It is because they have not money enough to move.

Mr. FOSTER: The minister gets his information second or third hand, and I happen to have mine first hand.

Mr. STEWART (Edmonton): He gets his information from the government agents.

Mr. FOSTER: Quite so; I appreciate that the government agents give him his information. I know them very well, I know the territory in which they work, and I know the conditions under which they work, but the minister himself does not know.

Mr. STEWART (Edmonton): Oh, yes, he does. He has visited those localities.

Mr. FOSTER: Has he been down there? He made one trip to Chicago.

Some hon. MEMBERS: Question.

The CHAIRMAN: Order.

Mr. FOSTER: I cannot quite hear what hon. gentlemen opposite are saying, but if they have any idea that I am going to get excited and lose my temper they are very much mistaken. I was merely pointing out that the hon. minister went to Chicago once and met the Canadian government agents there. So far as I know, he has never been out in the territory with any one of those agents and interviewed any American farmers. Therefore when I say he has not first hand information, I am merely pointing out what is the fact. I agree with him that in many cases those farmers have not sufficient money to move, but many of them have. But let me go a step further and make the point I was endeavouring to make in reply to the hon. member for Brandon. Through the northwestern states there are farms which in 1921 and 1922 had fallen from $600 an acre down to $250, but they have come back to $350 and $400 an acre, and the firm of Wood Brothers in Lincoln, Nebraska, made over $7,000,000 on farm lands in two states alone that had risen in value as a result of improved farming conditions. Those are the facts. It is true that the farmers of the United States were helped by their government—

Some hon. MEMBERS: Order.

Mr. COOTE: Mr. Chairman, I rise to a point of order. I ask that the speeches in this debate be limited to the item under discussion.

Mr. FOSTER: I know, Mr. Chairman, that we always have points of order raised when we endeavour to answer any of the statements made by hon. gentlemen to the left in regard to the farmers of the United States. My hon. friend from Brandon wandered over this territory himself, and he was allowed to proceed. I merely want to point out to him that agriculture was assisted in that highly protected country to the extent of $50,000,000 from government sources and over $50,000,000 from private sources, that the sheep and other live stock industries throughout the northwestern states were taken care of by the government of that highly protected country, and that as a result those farmers "came back." This government had the same opportunity to do something for the farmers of Canada if the ordinary methods of protection did not apply. Let me come to another point in regard to Australia. I—

The CHAIRMAN: I did allow some latitude to three or four members but it was my mistake, and I certainly cannot allow any further departure from the item under discussion.

Mr. FOSTER: I want to say a word or two in regard to the tariff.

Mr. WARD: Is the hon. gentleman aware that the statistics of the United States go to show that in that highly protected country ten million people have left the farms within the last ten years?

The CHAIRMAN: Are we going back to a second budget debate? I say no. I must ask hon. members to confine their remarks to the particular item under discussion.

Mr. FOSTER: Mr. Chairman, it will take me only a minute to—

The CHAIRMAN: Order. I say there is not going to be any further irrelevant discussion.

Mr. FOSTER: I am awfully sorry that I cannot reply to my hon. friend.

The CHAIRMAN: I rule the discussion is out of order.

Mr. FOSTER: Then, Sir, I shall proceed with the item of tariff. On this item I think it is competent for us to point out that in Australia they have a protective policy, and the basis of that policy is to protect everything that can be manufactured in Australia, and to buy everything else in Great Britain. Those are the facts as taken from the official records of the Commonwealth. Now, if we in this House are endeavouring not only to protect ourselves by the tariff against the United States but at the same time are trying to do something to help Australia and protect ourselves, I am for that protection. I apprehend that

that is what this item is intended to do. I regret that under the ruling of the chairman I cannot go further into the subject. I appreciate his good nature. But there are some facts with regard to the wheat business of Australia and United States which hon. gentlemen to my left do not seem to have grasped, although I admit they have studied the statistics very carefully, and perhaps on the next item we may have a chance to discuss those facts.

The CHAIRMAN: Shall the item carry?

Mr. EDWARDS (Frontenac): No, Mr. Chairman. A short time ago I asked a question of the Minister of Finance in regard to this item. Perhaps he did not intend to evade the question, but he certainly did not answer it. He gave me some figures in regard to our exports of meat and said that a certain amount went to the United States. But I asked the hon. minister to give me some reason, if he could, why our general tariff should not be raised against the United States or any other country, with the exception of Australia and New Zealand. That is the question which he did not see fit to answer. I endeavoured, Mr. Chairman, to point out the reason why I thought that item should be increased as against the United States, and I gave figures, which the minister will not dispute that so far as meats are concerned—since this is what we are dealing with—in estimating what tariff we should have against the United States, if we consider our imports from and our exports to that country, it shows that they are sending us two or three times as much as we are sending them. That does seem to me to be a good reason why the general tariff of 3½ cents should be raised. I do not suppose that Australia or New Zealand will object to a greater preference than three cents per pound. They are entitled under the agreement with Canada to a preference of three cents and it it not likely they would object to an increase in that amount. I would ask the minister again to give me some reason why, in view of our imports from and our exports to the United States, our general tariff on meats should be lower against that country than their tariff is against us. In my judgment, Mr. Chairman, you have ruled quite properly that it is not competent for any private member to propose an increase in a tariff item; any such proposition must come from a minister of the crown. But I think I can point to instances where a member, other than a member of the government, has moved to reduce an item in the tariff. I think it is within the privilege of any member of this House to move to reduce a tariff item. I call that fact, if I may, particularly to the attention of the hon. member for Brandon (Mr. Forke) who interjected something with reference to fencing. It is within the privilege of the hon. member for Brandon to move a reduction in the tariff on many of these items which in general talk he has condemned, but I venture to say he will not do it. The hon. gentleman has referred to a "board of strategy", but there is another board in existence. My hon. friend should not be jealous even if there does happen to be a "board of strategy" so-called. There is another board, of which I believe he is chairman, that is a sort of supplement to the cabinet. Whether he calls that a board of strategy or a board of dictation, whatever label he puts upon it, I do not know; he knows more about the subject than I do. However, these observations are no more pertinent to the subject than were those offered by my hon. friend; I am as much out of order in expressing them as he was. But coming back again to the subject, statistics show that under the tariffs as they exist to-day between Canada and United States the latter country is exporting to Canada two or three times as much meats as we are sending to them, probably for the reason that our tariff is lower than theirs.

Mr. MacLEAN (Prince): I hardly think that is correct.

Mr. EDWARDS (Frontenac): Yes, it is correct. I gave the figures a moment ago covering a period of five years. It is fairer to do that than simply to give the figures for one or two months, or even one year, and the figures I gave are beyond dispute. They show that we imported from the United States in the five years from 1920 to 1924 inclusive, $55,442,000 worth, and we exported to that country in the same period $29,331,000 worth. The figures indicate that the trend of trade, so far as meats are concerned, is against us. Not only is that the case in the matter of meats but it is also true of the item of wool. I submit to the minister he would be well advised to increase the general tariff rate and give the farmers of Canada a certain amount of protection against the United States. If the minister's hands are tied by the treaty with Australia and New Zealand, that handicap does not prevail in the case of the country to the south. I therefore submit that he should seriously consider raising the general tariff on meats. The amount of increase must be left to the gov-

ernment to decide, the responsibility rests upon them. I ask the minister again, will he give me some reason why he should not pursue that course?

Mr. MacLEAN (Prince): Just before this item passes—

Mr. EDWARDS (Frontenac): If my hon. friend will permit me. I asked the minister a question for the second time and I should like him to answer.

Mr. ROBB: At an earlier period the discussion centred around the subject of mutton. I have already placed figures on Hansard showing that we exported to the United States almost double the quantity of our imports of mutton to that country, notwithstanding the tariff against us.

Mr. DAVIS: Did not those exports consist to a large extent of spring lamb?

Mr. ROBB: Even so the Canadian farmer got a good price, as the hon. member for Brandon has stated. The largest item in the imports of meat from the United States was pork. As I said before, the Canadian packers, during the slack season when they could not procure pork in sufficient quantities in Canada and in order to be able to continue operations, imported during one particular year from the United States something like $1,000,000 worth of pork. During that same period Canada exported over $28,000,000 worth of bacon. Is it any harm for Canada to import this little million dollars' worth from the United States in order to keep plants going, to keep down the overhead, and to meet the competition of Denmark and other countries in the matter of bacon?

Mr. CLARK: I understand that the tariff against Australian mutton prior to the treaty was three cents a pound?

Mr. ROBB: No, 2½ cents a pound.

Mr. CLARK: And now it is one-half cent a pound?

Mr. ROBB: Yes.

Mr. CLARK: I ask the minister what in his opinion will be the effect of the change in the tariff upon the sheep industry in this country? Will it tend to decrease the flocks of sheep in Canada, or will it have the opposite effect?

Mr. ROBB: I have already given the experience as to the effect of the importations since the treaty went into force. We have imported less from New Zealand and a little more from Australia.

Mr. CLARK: I point out to the minister that a fair opportunity has not yet been afforded of judging what the ultimate effects of the treaty will be. I think that is a fair statement. I wonder whether the experts of his department, or of the Department of Agriculture, have considered carefully the effects of the reduction in the duty upon the total flock of sheep in this country.

Mr. ROBB: The treaty has been in force now for nine months. The Chairman has ruled other members out of order and will probably give the same ruling in my case, but if we are going to have a debate on the Australian agreement I do not object to it. Is my hon. friend opposed to the Australian agreement?

Mr. CLARK: My vote is recorded in Hansard. I do not propose to discuss the Australian treaty.

Mr. ROBB: That is safer.

Mr. CLARK: I am not now discussing the principles of the Australian treaty. I have asked the minister what I consider to be a fair question and he has—I would not like to say as usual, but certainly it is true in this case—deliberately evaded the question. I think I am entitled to a fair statement if the minister has any information on this subject. As I stated before, I am not attempting to go beyond the question which is before the House, but I do want to come to an intelligent conclusion, if I can, as to whether or not it would be in the interest of this country to increase the general tariff to an amount beyond that proposed by the minister; and whether, in addition to that, the hon. member for St. Lawrence-St. George has put forward a proposition which is legally feasible, namely, to increase proportionately the duties on mutton from Australia. If that could be done legally it appears to me it would have a very excellent effect on the sheep raising industry of this country.

Mr. ROBB: Yes, that is a fair question. The position taken by the hon. member for St. Lawrence-St. George, I think, can not be disputed. This parliament can put on a dollar a pound against Australian meat if they wish. Let them stop it all from coming in, and Australia will stop buying fish and pulp and paper from the Pacific coast.

Mr. CLARK: I once more express the hope that the minister will cease threatening or going to extremes.

Mr. ROBB: I am not threatening.

Mr. CLARK: The minister has made a statement which I am sure in the opinion of any fair-minded member of this House can only be considered extreme. I am not suggesting that a dollar a pound be placed on mutton coming from Australia. I am trying to get a considered opinion from the minister, if he has given the matter his consideration. If the duties are raised proportionately against other countries, if the general tariff is raised sufficiently and Australia is given the proportion of the preference called for in the treaty, surely that is not an objectionable increase. These adjustments will have to be made from time to time in the interest of our country, and surely we are not to be met on every occasion with the threat from the minister: "If you do that you are going to lose the great benefit of the pulp and paper and fishing industries in British Columbia." But the fact that we are deriving benefits for one industry is no reason why I should not plead for fair treatment for another, and that is all I am asking. I am asking whether the hon. minister's department have come to any conclusion as to the comparative effect on the sheep raising industry in this country, first, in leaving the duty as at present at half a cent a pound, and secondly, in increasing the general tariff and the Australian treaty rate proportionately, so that the preference is maintained.

Mr. MacLEAN (Prince): I desire to say a word in reply to my hon. friend from Frontenac. He states that our imports from the United States have increased tremendously or that they were very much in excess of our exports. If he will take the figures for last year as supplied by the agricultural statistics he will find that our imports last year were $1,375,780 and our exports $2,520,524 of chilled meats—meats fresh, chilled, or frozen—and that is the item under discussion. The trend of exports and imports has been favourable to Canada for the last few years. Our total exports in 1925 were around $5,000,000 and our exports were about the same in 1923, while our imports have dropped from over $5,000,000 in 1923 to $1,300,000 in 1925.

Mr. EDWARDS (Frontenac): That is just fresh meats?

Mr. MacLEAN (Prince): Our total imports for consumption in 1923 were $5,473,975, and our total imports in 1925 were $1,375,785. That is all from one country, practically all between Canada and the United States.

Mr. EDWARDS (Frontenac): My figures cover meats as a whole.

[Mr. Robb.]

Mr. MacLEAN (Prince): I am speaking of fresh meats, as that is the item under discussion.

Mr. EDWARDS (Frontenac): The hon. member is right.

Mr. STEWART (Leeds): What year is my hon. friend referring to when he speaks about the very large quantity of meat and pork imported into Canada from the United States? Was it a war year?

Mr. ROBB: No, I was repeating some figures quoted by the hon. member for Frontenac.

Mr. STEWART (Leeds): I understood my hon. friend to give some figures of a very large quantity of meat imported into Canada in a particular year, and I was asking what year that was.

Mr. ROBB: I do not recall that.

Mr. STEWART (Leeds): The minister certainly stated that during a certain time we had a very large import of meat from the United States that was again exported.

Mr. ROBB: That was the year ending March 31, 1926—over a million dollars worth of pork, and we exported a much larger quantity of bacon.

Mr. STEWART (Leeds): That was last year?

Mr. ROBB: Yes.

Mr. STEWART (Leeds): Hon. members on the other side and members to our left very often point out that the exports of certain agricultural products to the United States in a particular year exceed the imports from the United States of like products in the same year, and they seem to think that ought to settle the matter, that really it establishes a balance in favour of Canada. Well, superficially it does, but I think we must take into consideration the population of the two countries. The United States is a country of 110,000,000 and we are a country of 9,000,000 or 10,000,000. Now under these circumstances I think it is only fair, when we are analyzing this question, to put it on a per capita basis, and if that be so then we find the United States, with 110,000,000, in many cases is taking less from us than we are taking them with with our 9,000,000 or 10,000,000 people. I submit that feature should not be lost sight of in dealing with these figures.

Mr. MILLAR: Is that not also the reason why the Canadian farmer cannot be protected, while the American farmer can be protected?

Mr. STEWART (Leeds): I cannot agree with that at all. I do not see why we cannot in Canada impose the same rate of duty in respect to farm produce that the United States imposes, and I cannot help thinking it would be to the advantage of the Canadian farmer if that were done. Many of the farmers' organizations in Canada have asked that that be done, and it has not been done. They ought to be the best judges as to whether or not it would be good for them. Surely our Saskatchewan friends do not claim that they know what is good for the farmer of Ontario better than the Ontario farmer himself knows, and he has been sending resolutions down to Ottawa asking for an increase in the duty on farm products, vegetables, fruit and that sort of thing.

Mr. SPENCER: Would the hon. member state what farmers' organizations he is referring to?

Mr. STEWART (Leeds): I have not the names of them under my hand, but if the hon. member will inquire of the Minister of Finance or the Minister of Agriculture he will get all the information he requires. As to this item which is under consideration, I submit two things have been made abundantly clear from the argument this afternoon: first, that without in any way disturbing the integrity or the effect of the Australian treaty, we are free to raise this duty as against meat products coming from the United States, and second, that it would appear to be in the interests of the Canadian farmer that that should be done. It is not equally clear that we might raise the duty as against Australia, and I do not think anybody now seriously advocates that, although I think it could be done without in any way violating the provisions or the understanding or the effect of the treaty. I think this item with respect to imports of fresh meat from the United States should be increased.

Mr. SUTHERLAND (South Oxford): I should like to refer to a matter that was introduced into the debate. While this may not appear to be pertinent to the item and may come within the scope of your ruling, Mr. Chairman, I would like to point out that you cannot grow wool without also producing meat. The production of meat in this country is connected with the production of wool. The hon. member for Brandon referred to conditions in the United States and in Canada. We have no tariff on wool; it comes in absolutely free from all parts of the world. We import fourteen, fifteen, sixteen, seventeen and as high as nineteen million pounds of wool in a year and the great bulk of our wool has to find a market abroad.

Some hon. MEMBERS: Order.

Mr. SUTHERLAND (South Oxford): I was just going to point out in connection with the objection raised by the hon. member for Brandon that these depressed farmers in the United States with a tariff of thirty and some odd cents a pound on wool yet received 5,000,000 pounds of our wool last year.

The CHAIRMAN: I acknowledged some time ago that I should not have allowed such latitude in the discussion but I took full responsibility for it. I rule now that the hon. member must keep to the item under consideration.

Mr. SUTHERLAND (South Oxford): The item is meat and the increase of half a cent a pound under the general tariff. I recall when the Australian treaty was before this House a year ago the item of meat was under discussion. I also remember that when parliament assembled the man who is apparently leading this government to-day, the hon. member for Brandon, took exception to the agreement which the minister had made with Australia in regard to this very matter, on the ground that he could not consent to an increase in the tariff because it would destroy the arguments they were advancing in favour of reducing the general tariff on manufactured goods. The minister made an agreement with the government of Australia, an agreement which was placed before the parliament of Australia and ratified by them, and in which they pointed out that it was the intention of the government to increase the general tariff on meats in this country. Nevertheless the government did not do so, because their dictator from Brandon could not allow that to interfere with his policy of demanding a reduction in the tariff on manufactured goods. On the 26th September, 1924, the Prime Minister of Australia, as reported in the Australian Hansard, made this statement:

> The ministry has entered into an arrangement with the government of Canada for an announcement of the proposed agreement to be made in this House as near as possible to 2.30 p.m. to-day.

The agreement was made; the announcement was made in the Australian parliament, and the minister had to change his policy under the dictation referred to. As a result the minister comes before this House to-day

and asks to have a paltry increase of one-half cent a pound made in our general tariff on meats.

Mr. ROBB: And my hon. friend blocks it.

Mr. SUTHERLAND (South Oxford): I asked the minister at the outset what principle underlay this increase, but so far he has not given any reason other than to say that the object is to promote the importation of mutton and lamb from Australia. The statement the minister made when the treaty was before the House was that it was to reduce the cost of the breakfast table by encouraging the importation of this article. There is no use trying to beat about the bush; the minister might just as well let the people know what he has in his mind. The tariff is to be hacked a little here and a little there. In the second agreement that was made, by some oversight one-half cent a pound was left out of the general tariff and the minister is trying to insert that in order to complete the second agreement. With regard to the threat—because I cannot consider it as anything else—that if we oppose the Australian treaty it may be cancelled—

The CHAIRMAN: I have already ruled that any discussion of that kind is out of order.

Mr. SUTHERLAND (South Oxford): I think it would be one of the best acts of this government if they would give immediate notice to have the Australian treaty repealed on six months' notice.

The CHAIRMAN: I have already ruled that the Australian treaty cannot be discussed. Will the hon. member please obey my ruling?

Mr. SUTHERLAND (South Oxford): The Australian treaty is so involved in the tariff on meat that I do not see how one can keep away from it.

The CHAIRMAN: That is my ruling.

Mr. SUTHERLAND (South Oxford): If that is your ruling, Mr. Chairman, I say that your ruling is not a sound ruling and I appeal from it.

The CHAIRMAN: Does the hon. member want to appeal from my ruling?

Mr. SUTHERLAND (South Oxford): That I cannot discuss the item.

The CHAIRMAN: The hon. member may discuss the item as much as he likes. But I have allowed hon. members too much latitude, and it is only fair that we should get back to the item under consideration.

[Mr. D. Sutherland.]

Mr. SUTHERLAND (South Oxford): The connection between the Australian treaty and meat?

The CHAIRMAN: The item under consideration is the duty on meat.

Mr. EDWARDS (Frontenac): The minister introduced the matter of the Australian treaty himself.

The CHAIRMAN: I ruled the minister out of order, and the hon. member for Brandon and two or three other hon. members out of order also.

Mr. SUTHERLAND (South Oxford): I trust you will continue that latitude until the end and then rule the discussion out of order. Surely you will not allow the minister and these others to have this privilege and not allow me the same.

The CHAIRMAN: I have allowed too much latitude already.

Mr. SUTHERLAND (South Oxford): You have been so fair and good-natured about the matter that I certainly would not like to depart from any ruling that you might make. I should be glad if the minister could give the committee some reason why the increase has been made, the general principle on which it is decided that the increase should be one-half cent a pound and not two and one-half cents. I made a motion which was ruled out of order by the Chair because, according to the interpretation of the Chairman, this is a tax and a motion cannot be moved by a private member. I tried to persuade the minister to take my view of the matter and I suggested that he should make a move in this direction. But apparently he still has a recollection of the pressure that was brought to bear by the hon. member for Brandon when on a former occasion the minister had to change his views on a question of an item in the tariff. I am satisfied that he is living more in dread of that than even the action of a certain sister Dominion with regard to a trade arrangement which has been entered into. We ought to have a little more time to allow the minister to consider this matter so that he may come before the committee at eight o'clock and give us a frank explanation of what influenced him in making the change. This, I am sure, would be a move in the interests of the people as a whole and it would do more to promote the welfare, not only of agriculture but of the country generally, than old age pensions or rural credits or anything of that kind. Yet the minister sits here and treats the matter lightly. I do not think the people

will not so regard it—certainly they would not if they were only aware of the minister's attitude—when they come to pass upon it at the next opportunity. I respectfully urge the minister to consider this suggestion before disposing of the matter. Let us have a more candid explanation as to the basis upon which this change of one-half cent per pound is made. Is that the limit which the hon. member for Brandon (Mr. Forke) can stand? Can he not concede one cent per pound? Is he so wedded to half a cent?

Mr. FORKE: Mr. Chairman, is the hon. member in order in invoking my name so often?

The CHAIRMAN: As it is rather a compliment than anything else I will not rule the hon. gentleman out of order.

Mr. EDWARDS (Frontenac): Can the minister give us the cost of transportation of meat from Australia to Vancouver, say? That is a pertinent question. We have been discussing mutton, lamb and pork all afternoon, but beef is also on the bill of fare, and I would call the minister's attention to the bonus paid by the Australian government at $2.40 on each carcass of beef exported. I understand that the government has taken into consideration the six cent Pattersen bonus on butter but whether the $2.40 bonus paid by the Australian government on beef has been considered in fixing the tariff, I do not know. It should be taken into consideration. Can the minister give me the figures as to the cost of transportation when the committee meets again at eight o'clock?

Mr. ROBB: I will not give my hon. friend the figures, nor will I attempt to find them, because the Australian treaty is not under consideration at the moment. The question the committee is discussing is the increase of half a cent per pound under this item and which most hon. gentlemen have opposed all afternoon.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. EDWARDS (Frontenac): When the committee rose at six o'clock, Mr. Chairman, I had put a question to the Minister of Finance which I think was perfectly fair and had a very direct bearing upon the item we were discussing. I asked the minister if he could inform me, not then but when the committee resumed, as to the freight charges incidental to bringing meat from Australia to Canada. If I understood him correctly he said he could not so inform me, and had no intention of endeavouring to get the information. It is my privilege, of course, to ask a question which I conceive to have a very direct bearing upon the item under discussion ,and it is the minister's privilege to answer or not, as he sees fit.

I say that the question I asked had a very direct bearing for this reason. We are discussing item 7, and the minister himself said that the rate of three and one-half cents per pound was fixed because of the agreement with Australia. Australia having a rate of one-half cent per pound and the agreement requiring that Australia be given a preference of three cents, the minister fixes the rate at three and one-half cents per pound. In bringing meat into Canada from any other country there are certain factors entering into that transaction; there is the duty, the cost of transportation, and still another matter which has been recognized by this government. In some countries, one at least, the government or certain societies undertake to encourage the transportation or exportation of certain goods by giving a bonus. For example—and this I submit to be a fair illustration—the duty on butter coming from a certain country was fixed at one cent per pound. In the course of time it developed that by an arrangement in that country called the Pattersen scheme a bonus of six cents was given on every pound of butter exported. We have been told repeatedly that the government did consider that as a factor which influenced the agreement entered into, and I understand they are applying a dumping clause of six cents per pound because of the action of this society.

Now I make the application to meats. The government of Australia gives a bonus, I am told, of $2.40 on every carcass of beef exported from that country. Although the amounts are different that is on all fours with the Pattersen scheme of bonusing butter, and if the government recognize one scheme as militating against Canada and unfair to the dairymen, then I ask why the same thing should not be taken into consideration in regard to meats. The $2.40 paid by the Australian government on every carcass of beef exported will, I presume, work out in the neighbourhood of one-half cent bonus per pound, so as a matter of fact, because of the bonus on the export of beef from Australia, there is really no protection at all, that bonus offsetting the duty of one-half cent per pound and leaving as our only protection the cost of transportation. Having in view the fact that this bonus is given, would it not be fair for the minister to

increase this figure to four cents or five cents per pound on meats imported from other countries than Australia? If the same rule is applied to beef as is applied to butter, they will raise the duty and give us more protection against importations from, say, the United States or any other countries exporting to Canada.

The minister has said that we should not discuss the Australian treaty in connection with this item, and you, Mr. Chairman, have ruled to that effect. I have no desire to infringe upon that ruling, further than to point out that the minister himself has said that this very item we are now discussing was fixed by the Australian treaty. By that admission he has introduced the Australian agreement into the argument and under these circumstances, so far as it applies to the importation of meat, I submit that it is perfectly fair to discuss this agreement. If the minister could come here and say that the three and one-half cent tariff rate has nothing whatever to do with the Australian agreement I admit that we should leave it out of the discussion, but that is not the case. That being so we have a right to examine that Australian agreement and see to what extent we are being protected. If we can apply the rule in regard to butter where the Pattersen agreement comes in with a bonus of six cents per pound, how can you consistently disregard the fact that the Australian government gives a bonus amounting to about one-half cent per pound on meats? I assume that to be the figure; I thought probably the minister would have obtained these facts, but he has not done so. I say that in view of that bonus on meats this matter is exactly in line with the bonus on butter, and inasmuch as the government have dealt with the one scheme by applying the dumping clause on butter, I ask why they should not take into consideration the bonus given on meat, and raise the duty accordingly. Then, if you wish to be logical, you should apply the dumping clause of $2.40 to offset the bonus, just for the same reason that you apply the dumping clause of six cents a pound to offset the bonus on butter. I submit that that is a very good reason indeed why the minister could justify the government in raising the general tariff above the three and one-half cents a pound which is outlined in this part of the schedule.

Mr. MacLEAN (Prince): Would not the dumping clause apply in this case the same as it does on other products that are bonused?

Mr. EDWARDS (Frontenac): Mr. Chairman, it is not up to me to say whether this dumping clause will apply or not. Let me put the hon. member's question to the minister: Will the dumping clause apply in this case? If so, I repeat, there is good ground for raising the general tariff higher than it is now.

Mr. SUTHERLAND (South Oxford): Mr. Chairman, I thought the minister would give some consideration to the arguments which have been advanced by the hon. member for Frontenac. When the committee rose at six o'clock I urged upon the minister that he should at least give the meat producers of this country the same consideration that had been agreed upon by the representatives of this government and the government of Australia in 1924. The minister apparently has decided not to do so. I felt that during the recess he might have been able to consult with his chief or dictator, the member for Brandon, who evidently changed the government's agreement on this question when the proposal of 1924 was placed before him. I have the statement made by the Minister of Trade and Commerce in the Australian government and also that made by the Prime Minister of that country on that occasion. I do not wish to appear to be treating with discourtesy your ruling, Mr. Chairman, but I would point out that the minister on Wednesday afternoon, in reply to the question asked by the hon. member for West York, stated that this is simply an increase of half a cent in the general tariff to correct a mistake that was made in the Australian agreement in cabling. So that it is absolutely impossible to discuss this matter intelligently without making some reference to the trade agreement entered into with Australia. The minister's statement on Wednesday afternoon clearly indicates that the rate of 3½ cents per pound is based on some misunderstanding which arose with regard to the cabling of the amount that had been agreed upon.

Now, with your permission, Sir, I should like to read a paragraph from the statement made by the Australian Minister of Trade and Commerce in connection with this matter. Before doing so, I would refer to the statement by the Prime Minister of the Commonwealth himself, who in introducing the measure into the Australian parliament on September 26, 1924, after the agreement had been made, stated:

> Arrangements having now been made for a reciprocal treaty with Canada, the earliest possible opportunity should be taken to make the facts public. Another reason why I suggest the postponement of the remaining Orders of the Day is that the ministry has entered into an arrangement with the government of

Canada for an announcement of the proposed agreement to be made in this House as near as possible at 2.30 p.m. to-day as a similar announcement will be made in the Canadian parliament at the same time.

Then the Minister of Trade and Commerce of the Commonwealth, in dealing with the question of meats—that is the item which is before the committee, and it is the only one to which I am going to refer—stated:

At present Australian meat pays 3 cents per pound, while meat admitted at British preference rates pays 2 cents per pound.

That is under the Canadian tariff.

Under the agreement Canada will alter her tariff, making the British preferential rate one cent per pound, which Australian meat will pay,—

That was the agreement, that Australian meat should pay one cent a pound on coming into Canada. That was agreeable to the Commonwealth government, and it was passed by the Australian parliament before someone interfered with the arrangements which the Canadian government had agreed to. The admission has been made in this House by the hon. leader of the Progressives that he and his party could not consent to an increase in the tariff on agricultural products because it would show inconsistency on their part in demanding that the tariff on manufactured goods should be reduced or removed. Now, the Minister of Trade and Commerce in the Australian parliament continued:

—and the general tariff 4 cents per pound, which will be payable on meat imported from, for example, the United States of America, which country is Canada's principal supplier. Our meat will therefore have a preference of 3 cents, equalling 1½d. per pound. The fresh meat imported by Canada consists chiefly of pork, of which the United States of America supplied about £500,000 worth. Australia's total export trade in frozen meat in 1922-1923 amounted to just under £7,000,000.

The Australian government were looking to Canada for a market, and realized that it would be to Canada's advantage to have their general tariff increased. In view of this, surely the minister in remedying a mistake which he says occurred in cabling can make the rate 4 cents a pound under the general tariff as at first agreed upon—I suggested 5 cents this afternoon—and that will still give Australia a preference of 3 cents a pound in the Canadian market.

Item agreed to.

Customs tariff—20a. Butter produced from cocoa bean, per pound: British preferential tariff, free; intermediate tariff, 2 cents; general tariff, 2 cents.

Mr. ROBB: This is to meet the requirements of the West Indian agreement.

Sir HENRY DRAYTON: My hon. friend has some items here which are purely in ease of the West Indian agreement. Take, for example, some of these cocoa items, where we have a direct increase in the cost to our manufacturers, which they have objected to very much. If my hon. friend cannot do anything else, cannot he insert what is quite a usual provision—that the increases which are necessary for the purpose of putting into effect the West Indian agreement will not become operative until that treaty is ratified? That would be a good deal of assistance to our cocoa manufacturers and confectioners, and it does no one any harm under the agreement until that agreement is ratified.

Mr. ROBB: I do not think it will improve the condition of the cocoa men to act upon my hon. friend's suggestion. The preferential rate will not be in force until the treaty is proclaimed. I think we might put this item through. I fancy that as we go along it will be found that the cocoa people will not be so very badly off.

Sir HENRY DRAYTON: My hon. friend does not get my point. It is quite true that the treaty will not go into effect until it is proclaimed, but we are making customs changes just for the purpose of giving effect to the treaty. Now, as the treaty does not go into effect until it is proclamed why should these customs changes go into effect until they also are proclaimed? We have done the same thing before. We did it in connection with the cellulose case. There is no difficulty in giving effect to my suggestion.

Mr. ROBB: I think we had better continue with the item. I recall that the previous West India agreement came into force just as the present one will.

Sir HENRY DRAYTON: My hon. friend is not getting my point. It is quite true the agreement does not come into effect until it is proclaimed. But for the purpose of giving effect to the agreement my hon. friend is making certain changes in the customs tariff. It is only being done for that purpose; it is not being done I assume—and I do not think I am wrong in the assumption—for the direct purpose of hurting Canadian trade, for the purpose of hurting the confectionery business. It is done for the purpose of implementing the contract—which will be a contract after it is ratified—with the West Indies. Now all I am suggesting is that my hon. friend should provide—it can be done—that the increases that are being made in our duties should not be made effective until the treaty comes into operation.

Mr. ROBB: The item we are considering does not provide for an increase in duty, it is a decrease.

Sir HENRY DRAYTON: I am speaking in a general sense and with the idea of having the point settled now.

Mr. ROBB: I think we might proceed.

Mr. CLARK: The item refers to butter produced from the cocoa bean. Is that oleomargarine?

Mr. ROBB: No, cocoa butter.

Mr. CLARK: I know, but what is the nature of it?

Mr. ROBB: It is a butter used by confectioners.

Item agreed to.

Customs tariff—22. Preparations of cocoa or chocolate in powder form: British preferential tariff, 22½ per cent; intermediate tariff, 27½ per cent; general tariff, 35 per cent. Or per pound, British preferential tariff, 2 cents; intermediate tariff, 2½ cents; general tariff, 3 cents—whichever rate returns the higher duty.

Item agreed to.

Customs tariff—23. Preparations of cocoa or chocolate, n.o.p., and confectionery, coated with or containing chocolate, the weight of the wrappings and cartons to be included in the weight for duty, per pound: British preferential tariff, 2½ cents; intermediate tariff, 2½ cents; general tariff, 2½ cents. And, British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 35 per cent.

Sir HENRY DRAYTON: This is a case particularly in point, is it not?

Mr. ROBB: Yes. This is to provide for the changes in regard to cocoa beans and is intended to meet the wishes of the manufacturers of confectionery. It puts them in a little better position.

Sir HENRY DRAYTON: Will my hon. friend kindly explain that? I do not see how that is done.

Mr. ROBB: It gives the manufacturers an additional cent a pound.

Sir HENRY DRAYTON: This is not the bean itself; it is a manufactured article.

Mr. ROBB: This is the preparation.

Mr. SUTHERLAND (South Oxford): Surely we might have some reasonable information from the minister with regard to this item. We have allowed the item dealing with butter produced from the cocoa bean to pass with a reduction of 1½ cents. In this case there is an increase of 1½ cents per pound and we have no explanation as to the quantity of the commodity used in this country or the purpose for which it is used.

[Sir Henry Drayton.]

Mr. ROBB: This is to put the manufacturers in a little better position. The imports for consumption during the fiscal year ending 31st March, 1925, were: From the United Kingdom, $93,000 odd; from the United States, $28,000; and from all other countries $41,000; total $163,000. It gives an additional protection to the manufacturer.

Sir HENRY DRAYTON: Is not this the minister's idea? Inasmuch as for the purpose of complying with the agreement, and in particular meeting the case of the Trinidad cocoa bean grower, a substantial increase is being made in the raw material, there is here an increase in the manufactured article to keep confectionery, if possible, on the same basis?

Mr. ROBB: That is the point exactly. In that connection—and this meets the views of hon. gentlemen who say that we should have a preference for preference in some places—I may say that the people of the West India islands pointed out to us that we were admitting to Canada cocoa beans from the west coast of Africa where we had no preference. They said: We are giving you a preference for your Canadian dairy products, and other products, therefore why should you allow cocoa to come in from British countries, even from the west coast of Africa, where you have no preference, and where we are unable to obtain a preference because of an agreement with other countries—I think one is France—that does not expire for two years?

Sir HENRY DRAYTON: I thought it was six months.

Item agreed to.

Customs tariff—28. Coffee, green, imported direct from the country of growth and production, and green coffee purchased in bond in the United Kingdom, per pound: British preferential tariff, free; intermediate tariff, 3 cents; general tariff, 3 cents.

Item agreed to.

Customs tariff—30. Ginger and spices, unground, n.o.p.: British preferential tariff, free; intermediate tariff, 12½ per cent; general tariff, 12½ per cent.

Item agreed to.

Customs tariff—32. Nutmegs and mace, whole or unground: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 20 per cent.

Mr. SUTHERLAND (South Oxford): Surely we shall have some explanation from the minister in regard to the reduction of the tariff on nutmegs.

Mr. ROBB: My hon. friend will observe we are placing this on the free list under the preferential tariff. That is a reduction of 12½

per cent under the West India agreement. The importations were: from the British West Indies, $58,000; Straits settlement, $8,000; United Kingdom, $3,000; all other countries $19,000. Total importations $88,000.

Item agreed to.

Customs tariff—39b. Arrowroot per pound: British preferential tariff, free; intermediate tariff, 1½ cents; general tariff, 1½ cents.

Item agreed to.

Customs tariff—42a. Table salt made by an admixture of other ingredients, when containing not less than ninety per cent of pure salt. British preferential tariff, 5 per cent; intermediate tariff, 10 per cent; general tariff, 15 per cent.

Mr. ROBB: This is done for administrative purposes to meet the views of the Customs department Complaint was made as to table salt coming in in packages, and the Customs board were compelled to make a ruling. In certain cases the salt contained a small quantity of medicinal ingredient; in other cases a small quantity of magnesia. The admixture was for the purpose of allowing the salt to run freely. Complaint was made that the salt should be given a different classification and it was increased to 25 per cent under the general tariff. This is to put it on the basis of 15 per cent.

Sir HENRY DRAYTON: And this is a reduction.

Mr. ROBB: It is to clarify the matter. It is not a reduction from the general tariff.

Mr. MORAND: Is there not really a reduction from the amount that was actually paid?

Mr. ROBB: The salt coming in before was classified as a medicine and was admitted at 25 per cent, which made it expensive for the householders of the country.

Mr. MORAND: The difference between the 25 per cent and the present duty has been figured out in the case of people who use the greatest amount of salt, to be a saving of two or three cents a year. In my city they have just developed an iodized salt which they have gone to considerable trouble to advertise throughout Canada, and no sooner have they established a market for it than the tariff is reduced. But that is not all. This salt can come in in a container at 5 per cent preferential or under the general tariff at 15 per cent, and there is no duty on the container, but if the firm manufactures the salt in Canada, and imports containers or packages in which to put it up, they have to pay a high duty on it, which removes any protection they might have. The Windsor Salt Company has just put out an iodized salt, and they were the first to do so in Canada, I believe. They spent a good deal of money to advertise it, and not only does this remove all the protection, but it gives the American manufacturers an unfair advantage because they send in their containers free of duty, while the Canadian manufacturers have to pay for theirs.

Mr. ROBB: The explanation is quite clear. This company and some others had a monopoly of the business, there was no fair competition, and the householder was paying that much more for it.

Mr. MORAND: How much more?

Mr. ROBB: If my hon. friend desires to pursue this question further, I have here the earnings of certain salt companies, and I would be glad to give him this information.

Mr. MORAND: Surely the minister does not base the change in tariff on the earnings of a company, whose manufacture comprises only a small proportion of table salt. Is that the only reason for the reduction—the high earnings?

Mr. ROBB: No. My hon. friend misses the point that I am here representing the consumer as well as the manufacturer of salt. I think in the interests of the consumer this is a fair protection and that they will in no way be injured by it.

Sir HENRY DRAYTON: The minister has not addressed himself to this one point; the hon. member has pointed out that in his view—and the minister can tell me if this is wrong—the proposed change can only make a difference of a very few cents in the course of a whole year. Has the minister any information on that point? Who is asking for the change? What is the name of the manufacturer who asked for the change, and what is he desiring to sell?

Mr. ROBB: My hon. friend has missed the point. The person who asked to have this placed in a higher classification than before was the manufacturer. The customs people think that in the interests of the general public it is better to make this clear, so that this product will be classified properly as set out here rather than as a medicinal product.

Mr. McGIBBON: Will the minister tell us what proportion of iodine and other medicinal properties are in it?

Mr. ROBB: I have not that information, but the item says:

When containing not less that 90 per cent of pure salt.

There could not be any more than 10 per cent of any other ingredient.

Mr. McGIBBON: Might I point out that iodine is one of the ingredients of ordinary salt. Much would depend on the relative qualities of the Canadian and American products.

Mr. ROBB: I am told there is not much iodine in it.

Item agreed to.

Customs tariff—72b, Tree seeds for reforestation purposes only: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—77a. Cocoa beans, not roasted crushed or ground, per one hundred pounds: British preferential tariff, free; intermediate tariff, $1.50; general tariff, $2.

Sir HENRY DRAYTON: Is that also the treaty?

Mr. ROBB: Yes, this is the agreement. There is an increase there of $1.50 to $2 in the general tariff. The others are made the same, free.

Mr. SUTHERLAND (South Oxford): What is the rate under the old British preferential tariff?

Mr. ROBB: It is the same under the old British preferential. We are increasing the general tariff.

Mr. STEWART (Leeds): Could you inform the committee where our imports of this particular commodity come from?

Mr. ROBB: The records show the following imports, leaving out the hundreds:

United States	$317,000
British West Indies	255,000
United Kingdom	294,000
British West Africa	53,000
Ceylon	53,000
All other foreign countries	10,000

Item agreed to.

Customs tariff—90, Fruits, viz.: plantains, pineapples, pomegranates, guavas, mangoes, wild blueberries, wild strawberries and wild raspberries: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. ROBB: This is just a reclassification. Bananas are left out of this item.

[Mr. McGibbon.]

Mr. ARMSTRONG (Lambton): A large number of the celery growers in my district plant several hundred acres each year in celery, and I am looking for an item on which I could present the claims of those interested in that industry. These celery growers produce several hundred car loads of celery each year. They find their market entirely undermined by the United States celery which is coming in, and a petition in the matter is being sent to the Minister of Finance. When their celery comes on the market, that market is flooded with United States celery, and they are compelled to send their product to cold storage in Toronto and elsewhere. Some of them interviewed me when I was home last Sunday. They told me a quantity of this celery was still in cold storage in Toronto and that they were paying insurance and storage charges on it, while dozens of car loads were coming in from the United States. The United States placed an embargo against our celery going into that country; they do not allow one stem of celery to go there from Canada at any time of the year. The celery growers in my district simply ask that, say for a month or two after their celery is ready for market, the government should impose an embargo against United States celery coming into Canada, similar to the embargo which has been placed against the Canadian product going into the United States, thus enabling them to get rid of their product at a reasonable price. That is practically the whole point. The petition is on its way, and I thought if the minister would allow me to present this matter to him he might consider it. The problem is a very serious one for the people who are compelled to send dozens and dozens of carloads of celery into cold storage, hold it there during the winter season and pay insurance, storage and all the other charges in connection with it while it is stored there. Now they find themselves, as they have during the last few years, with large quantities of celery on hand at a time of the year when celery from the United States is coming in and underselling their market while during the whole year they are not allowed to send one stem of celery into the United States market because of the embargo against it.

Mr. ROBB: I will take a note of the observations of my hon. friend. It is news to me that there is an embargo. I observe that the United States have a tariff of 25 per cent against celery while our tariff is 30 per cent.

Mr. ARMSTRONG (Lambton): They have an embargo now.

Item agreed to.

Customs tariff—90b. Bananas: British preferential tariff, free; intermediate tariff, free; general tariff, free.

The Governor in Council may by order in council direct that there be substituted for tariff item 90b in schedule A of the Customs tariff, 1907, the enumerations of goods and the rates of duties of customs, if any, set opposite items 90c and 90d in schedule A the following:

90c. Bananas, when imported from the place of growth by ship, direct to a Canadian port, per stem or bunch: British preferential tariff, free; intermediate tariff, 50 cents; general tariff, 50 cents.

90d. Bananas, n.o.p., per stem or bunch: British preferential tariff, fifty cents; intermediate tariff, fifty cents; general tariff, fifty cents.

From and after the publication of such order in council in the Canada Gazette, tariff item 90b as it appears in said schedule at the time of the passing of the act founded on this resolution shall be repealed and the provisions of tariff items 90c and 90d shall be substituted therefor.

Mr. CAHAN: As regards items 90b, 90c and 90d, do not these reductions under the British preferential tariff conform to the rates which are enumerated in the proposed West Indies treaty?

Mr. ROBB: They do.

Mr. CAHAN: The suggestion then is that the Governor in Council may by order in council direct the substitution of the tariffs mentioned in the resolution. Do the government intend to bring this in force only in case of the ratification of the West Indies treaty, or do they intend to reduce the rate in any case?

Mr. ROBB: We intend to bring it into force. I am not sure what my hon. friend has in mind, whether he has in mind a gentleman that I met during this week or last. Hon. gentlemen will be interested to know, and I think it is fair to say to them now, that I was approached within the last few weeks to know when this treaty would be proclaimed and brought into force. It was intimated to me that there was now under consideration by a very large shipping company the question of putting on steamers to carry bananas to Canada if this treaty went into force, the only condition imposed being that they should not be subject to any subsidy.

Mr. CAHAN: I am not suggesting that. I am asking a plain question: If it is the intention of the government to make these reductions only in case of the ratification of the West Indies treaty, why should we not say so in express terms? I understand that the only consideration for making the reduction is that under the West Indies treaty we may give considerations for certain reciprocal considerations made in favour of Canada.

Mr. ROBB: This is inserted in the resolution so that the government may be in a position, if they see fit, not to bring it into force if the Canadian people are going to be unduly penalized. I think it is well to leave in the hands of the government the question of when they should bring it into force.

Mr. SUTHERLAND (South Oxford): Has the hon. member for Brandon agreed to the proposition—the trade treaty with the West Indies?

Mr. ROBB: If my hon. friend will refer to Hansard of Tuesday he will find that the hon. member for Brandon approved the policy of the government.

Mr. RYERSON: My understanding of this clause was that the imposition of this duty was not to go into effect until such time as the service which is provided for under the West Indies treaty was actually operating. I would like to point out to western members particularly the hardships that this treaty will impose upon the west. It will add anywhere from four to five cents a dozen to the retail price of bananas. I have already pointed out to the House that it will be an utter impossibility to distribute bananas from Canadian ports to points in the west and a large portion of Ontario If that is a fact, this duty which we are imposing will be a great hardship upon the people in those districts.

Mr. CLARK: What adjustment has been made of the case put before the minister by the Fruit and Produce Credit Association of British Columbia?

Mr. ROBB: I am not sure that I have in mind what that was. Will my hon. friend give me the details?

Mr. CLARK: The hon. member for Cariboo can explain the matter better than I can.

Mr. FRASER: When this matter was being discussed under the West Indies treaty I understood from the Minister of Finance that he intended to make some arrangement in regard to the shipment of bananas from New Orleans to the western part of Canada. Has any such arrangement been made?

Mr. ROBB: I have nothing in mind as to bananas from New Orleans, but I have in mind a proposition that has been made to us by the people of the Fiji islands, where they grow a good banana as my hon. friend

knows. They have represented to us that if they come in under these conditions they can very well supply the western market. They were cut out of the excellent market they enjoyed in Australia when the Australians imposed quite a heavy duty and they are now seeking a market for their product.

Mr. FRASER: I think the best thing I can do is to give the information I have to the committee. This letter, which is written by the Fruit and Produce Credit Association of the city of Vancouver, out lines the situation very fully from the point of view of those who are dealing in bananas throughout western Canada:

The wholesale fruit dealers in Vancouver strongly protest against the proposed placing of a duty of 50 cents per bunch on bananas imported through the United States.

At the present time we import our bananas from New Orleans, where there are several cargoes arriving each day. The fruit is selected with great care for long distance shipment and special trains in charge of banana messengers accompany the fruit to destination. The time in transit is usually eight days. As far as we are able to learn, there are no boats carrying freight between the West Indies and Vancouver, which have the facilities for carrying bananas. This would mean that the fruit would have to come by rail from St. John, Halifax, or other Canadian port, and it would take, under the most favourable present conditions, at least fourteen days from said port to Vancouver. The present rate from Halifax to Vancouver is $3.79½ per cwt. as against $1.87½ per cwt. from New Orleans.

During the winter months it would be impossible to bring bananas from eastern Canadian ports on account of low temperatures. If the temperature at which this fruit is carried gets below 52 degrees the fruit becomes chilled and is unsalable. The reverse condition applies, when on account of warm weather it would be impossible to hold the fruit at a sufficiently low temperature while in transit, in order that it should arrive at destination in proper condition.

At the present time we are enjoying a messenger service of fifteen dollars per car, which is only possible when train loads come through all the way to the Pacific coast. During the winter months Vancouver uses one car of bananas per week, and it would be out of the question for a messenger to accompany only one car from Winnipeg to Vancouver, as the cost would be prohibitive. During the summer months Vancouver uses from seven to eight cars per week, but the average is not sufficiently high to enable us to secure a messenger service at a minimum cost.

Another drawback to importing our fruit from St. John or Halifax would be the uncertainty of supplies, the proposal being to have a weekly service to Halifax. If the fruit arrived there unsuitable for long distance shipment, we would be without fruit for one week, necessitating our purchasing supplies from Seattle, which would mean that the dealers there would secure the benefit.

During the year from 1st March, 1925, to 1st March, 1926, there were imported into Vancouver at least 95,000 bunches of bananas, and we feel that to place a duty of 1 cent per pound on this fruit, which is approximately what fifty cents per bunch would amount to, would result in a considerable curtailment of consumption.

[Mr. Robb.]

Unless Vancouver had the same service in the way of securing their bananas as Halifax or St. John, we feel that to place this duty in effect would be discriminating against Vancouver. From the above you will see that it is impracticable for us to secure our bananas through any of the eastern Canada ports, and the placing of a duty on bananas would add to the cost to the consumer and prove a detriment to our business.

As I understand the situation, that would not only apply to British Columbia but it would affect the distribution of bananas throughout the northwest, particularly in Alberta and Saskatchewan, because all these bananas come in the same way and the duty will add to the cost.

Mr. ROBB: I know as well as my hon. friend does that there is considerable opposition on the part of the distributors in New Orleans, who stand to lose business. However, we have looked carefully into the matter and are satisfied that the Canadian public will not pay more for bananas, while the Canadian railways will benefit by the haul. If things turn out as we anticipate, Fiji island growers will come into the market and Vancouver, instead of getting the bananas from New Orleans, will get them direct by steamer. Vancouver in that case will serve as the point of distribution to markets as far east as Winnipeg at least.

Mr. CLARK: There is no duty that applies to Fiji.

Mr. ROBB: We have the power to give them the same concession. They can come under the British preference.

Mr. CLARK: How do we know at this moment that there is any steamship service that will cover the trade between Fiji and the Dominion? I would ask the minister this question, by the way. If there are bananas in the Fiji island why is it that we have not been importing this fruit from them in the past? Surely steamship rates on bananas from Fiji would be lower than freight rates from New Orleans. If there were anything in the minister's contention we should now be getting our bananas from the Fiji island duty free, and a considerable trade would have developed long ago. I do not think the minister has given the matter adequate consideration. It was called to his attention on April 20, I believe, and obviously it has not been seriously considered. Now, if British Columbia is to get its bananas from the West Indies the fruit must be hauled by the Canadian railways, and while of course that is a point worth considering, it must be remembered that the rates will be prohibitive; we shall have to

pay $3.79½ per hundred pounds, which is considerably higher than the rate we are now paying. In this connection I would point out that our railways are not fitted for the banana trade. In the extreme temperatures which we experience in winter the weather would be too cold while in midsummer it would be too hot, and there is no provision for proper storage in our cars. But the important point is that we shall have to pay $3.79½ for the bananas hauled over the Canadian railways as compared with $1.87½ from New Orleans.

9 p.m.

I am anxious to support any measure that will make for improved trade within the empire, but I must insist, first of all, that the minister be fair to our own people. That is the principle by which we should always be governed in matters of this kind, and under this arrangement the people of British Columbia will be most unfairly dealt with. I may ask the hon. member for Brandon a question while he is in his seat, although I must observe that he is quite unwilling to let me put a question to him when he is speaking. The hon. member is ready enough to vote for a tariff in the interests of the farmers of another British dominion, but he will not support one designed to protect the farmers of his own country. Does he think that is right? And I would put the same question to my hon. friends from Saskatchewan. Do they realize that by adopting this provision they are now affording protection to the farmers of the West Indies? Apparently they are willing to give such protection to farmers down there, but when it comes to protecting a bona fide and necessary Canadian industry such as the raising of sheep and the production of wool—oh, no! No protection for the Canadian farmer! Perhaps I might remind those hon. gentlemen that for the most part the West Indian labour engaged in this industry is coloured. It is labour of that sort which my hon. friends from Saskatchewan and the hon. member for Brandon are now proposing to protect to the detriment of the Canadian consumer—the consumer about whom the Minister of Finance has so much to say. Now, I want the minister to protect the consumer of British Columbia in this matter; at least, let him give the consumer fair consideration. So far as I can see, the minister has failed to do so. If anyone suggests that the Minister of Finance is obdurate, then perhaps the hon. member for Brandon may be induced to come to the assistance of the public in this regard.

Mr. WOODSWORTH: What kind of labour is there in New Orleans?

Mr. CLARK: I am not concerned with that; I am concerned first and foremost with the Canadians. I am pointing out that while my hon. friends from the west refuse to protect Canadian producers, they are willing enough to give protection to producers in other parts of the world.

Mr. WOODSWORTH: I did not catch the point of the hon. gentleman's reference to coloured labour.

Mr. CLARK: I do not know why my hon. friend should have missed the point; it was perfectly clear.

Mr. CHAPLIN (Lincoln): Bananas are not grown in New Orleans.

Mr. CLARK: The labour employed in the production of bananas is coloured labour, and I am pointing out to my hon. friend from Winnipeg (Mr. Woodsworth) that he is now proposing to vote, as he has already voted, in support of measures to encourage and protect that labour, while he refuses to assist the producers of his own country. That is the situation.

Mr. LADNER: I have received several protests in connection with this matter. Most of us, I think, are agreed that we want goods to come into Canada through Canadian ports, and as a matter of fact the government should have taken some step in that direction long ago. But the principle here involved is discrimination in favour of one part of the country as against another. As a matter of policy it is quite unfair that the supply of bananas coming to British Columbia should be taxed to the extent of fifty cents while that landed in eastern Canada escapes such taxation.

Mr. STEWART (Edmonton): Where do you get your bananas now in British Columbia?

Mr. LADNER: They come from the southern states, principally from New Orleans.

Mr. STEWART (Edmonton): No, from the West Indies.

Mr. FRASER: From the West Indies, via New Orleans.

Mr. STEWART (Edmonton): Exactly.

Mr. LADNER: My argument from the Canadian point of view is this. The government is now passing legislation to place a tariff on bananas, and in so doing they are creating a situation which discriminates against the people of the west, leaving free the people of the east. That is one place, perhaps not a very important one, where difficulties are liable to arise.

Mr. STEWART (Edmonton): How does that discrimination against the west figure out, as a matter of information?

Mr. LADNER: Because in the actual working out of the business under this proposed legislation, bananas coming from the West Indies to Halifax and Quebec are in the free class. But in the practical working of the business on the west coast they cannot come by that route; it is not practicable. The trade and facilities for handling, the storage, and the practices of the trade, all combine to make it necessary to secure these goods from California or perhaps from New Orleans.

Mr. STEWART (Edmonton): Is there no cold storage shipping via the Panama canal to Vancouver?

Mr. RYERSON: No, not at present.

Mr. LADNER: You cannot ship bananas in that way. If members of the government and particularly the Minister of Finance would scrutinize this letter, which is from a responsible source and is quite comprehensive, they would not be disposed to pass legislation of this kind, in my judgment. They are simply imposing upon the people of Canada a discriminatory piece of legislation which puts a tax on the west as against the east. That is a bad policy, in my opinion.

Mr. ROBB: I will admit that if the only source of supply was the West Indies there might be something in what my hon. friend has said, but I repeat that I anticipate that a large quantity of bananas will come from the Fiji Islands.

Mr. LADNER: They will have to pay a duty.

Mr. ROBB: No, they will come in free.

Mr. LADNER: What steamship service is there?

Mr. ROBB: I was just coming to that. I was rather surprised that the gentleman living in Vancouver and so greatly interested in the trade of Vancouver; who has been in this House for three years and has heard us vote subsidies, is not aware that Canada pays $100,000 a year for a subsidized service to New Zealand and Australia calling at the Fiji Islands, and that under the contract the company is compelled to provide a certain amount of cold storage.

Mr. LADNER: But bananas are not carried in cold storage.

[Mr. Ladner.]

Mr. ROBB: I was with the president of the company when the planters of the Fiji Islands waited on him at Suva; they were very anxious to get into the Canadian market, and he said, "You give us the trade and we will provide the chilled storage to carry these bananas to Canada." The companies operating in central America, where we have no tariff, very naturally try to crowd these people out. They do not want the Fiji Island bananas to get into Canada; they are trying to hold the market now and my hon. friends opposite are innocently helping them. But if we can get that business for Canada it will help the Pacific coast as much as, and perhaps more than, any other part of Canada. If they do not come in from the Fiji Islands and the business is as large as represented to us, it will be profitable for steamers to run direct, because they will get a cargo both ways. Under this agreement we have a considerable preference for Canadian products such as flour, fish, condensed milk, butter, cheese and lumber; these are the main preferences. We have other preferences which I will not quote just now; hon. gentlemen can read the agreement, but in no case is the preference to be less than 66⅔ per cent of their general tariff. My hon. friends from the Pacific coast will enjoy these preferences, as well as those in other parts of Canada. They send their fish to the West Indies now, and when they can send their fish to the West Indies profitably surely they can buy bananas there.

Mr. LADNER: On the statement of the minister there is no reason why we should not be quite happy, but supposing the situation does not work out in that way. Will the minister assure the west now that if, when the legislation is in operation, there is a discrimination, and the supply of bananas for the people of the west is taxed, he will then review the situation so as to correct any inequality with respect to the tax on bananas as between the east and the west?

Mr. ROBB: I will assure my hon. friend now that we will admit bananas from the Fiji Islands free if this arrangement goes through.

Mr. CLARK: The minister, in a tone of more or less derision, suggests that there is a steamship service with the Fiji Islands and that I should know all about it. I know this much about that steamship service, that there is no service to-day which will supply the market for bananas in British Columbia. I can state without hesitation that the steamship

service is not sufficiently frequent. For a perishable fruit such as bananas, according to the trade in British Columbia, you must have a frequent service.

Mr. ROBB: How frequent?

Mr. CLARK: I have forgotten exactly, but they now get a car a week, and I presume that the reason they bring them in in small carload lots is to save the very heavy storage charges at that end. I am quite sure the minister knows that if the steamship service with the Fiji Islands is a monthly service, it is no more.

Mr. ROBB: I think it is every three weeks; it might be monthly.

Mr. CLARK: The service is not sufficiently frequent, and consequently it has been proven in practice that although bananas have been on the free list this service has not actually brought bananas into Vancouver. So if the subsidy of $100,000 is supposed to bring bananas to British Columbia it is very badly spent. However, I feel certain that even if the minister puts bananas from the Fiji Islands on the free list it will not provide a solution at all, because the people of British Columbia must continue to get their bananas through New Orleans and pay a penalty which other parts of Canada are not called upon to pay; we are paying a penalty for the benefit of West Indian labour. The only other alternative I see will be to pay nearly $2 per hundred more in freight rates to haul our bananas by rail from Halifax. These are the alternatives we are faced with, and I very strongly suggest that so far as British Columbia is concerned, and not only British Columbia but the whole west, the result will be an unfair discrimination against us.

Mr. MacLAREN: I think it is well to remember that under the West India treaty it is proposed that bananas will be brought into Canada not only through St. John and Halifax but through Montreal as well.

Mr. ROBB: Any Canadian port direct.

Mr. MacLAREN: That is true, but I think the contract would call for St. John, Halifax and Montreal. During the summer season, which is the principal season for the importation of bananas, large quantities are imported through Montreal. The minister may be able to tell us what quantity of bananas now come from the Fiji islands. It will hardly do to say that this fruit is not imported from those islands at the present time, because two years ago I personally saw bananas loaded on to a boat for Vancouver. Undoubtedly there is a certain trade in bananas even to-day from Fiji to Vancouver. Has the minister any information with regard to the volume of this trade?

Mr. ROBB: None.

Mr. FRASER: Mr. Chairman, I would point out to the minister that I have a letter under my hand which says that at the present time the city of Vancouver is consuming seven or eight cars of bananas per week, that is one car per day. We are told that the service between the Fiji islands and Canada calls for a boat every three weeks. It would require twenty-one carloads of bananas to supply the trade of Vancouver during this period. Can the minister tell me if there is any such accommodation on the boats plying on this route?

Mr. ROBB: I have not the information offhand as to the accommodation. The boats are a considerable size, one is 15,000 tons, another 12,000 and the third is 7,000. I would suggest that my hon. friend from Cariboo sit in with my hon. friend from Vancouver-Burrard and check up the statistics. He has just told us that Vancouver uses one car a week; my hon. friend says seven.

Mr. CLARK: Excuse me: one car a week in the winter and seven cars in the summer.

Mr. FRASER: One car a week in the winter time and one car a day in the summer time. The minister assures us that the west coast is to get as good and as cheap a service from the Fiji islands as is being enjoyed at the present time. Supposing the supply of bananas is not available either from lack of space, crop failure or something of the kind, how are you going to make up the difference of $1.92 between the rate of $3.79½ from Halifax and the rate of $1.87½ from New Orleans?

Mr. ROBB: I should not like to be drawn into a commitment for the supply of bananas to any part of Canada, but I may tell my hon. friend that British Columbia has the same concessions for its products going to the West Indies as has any other part of Canada. I imagine they would tell me that British Columbia produces more fish than any other province. Well, there is considerable advantage under this agreement for the fish trade of Canada.

Mr. RYERSON: I do not think hon. members from British Columbia or the prairies need concern themselves much about any discrimination. In my opinion the whole scheme is impracticable. Notwithstanding this arrangement, I believe that 90 per cent of our bananas will still come from the United States, and in that case this is merely a tariff for revenue. I have letters from dealers in many parts of Ontario and also from Manitoba and the west in which they express the opinion that it is utterly impossible for them to consider bringing in bananas through Canadian ports. The entire distribution of bananas is scientifically arranged by the three large companies engaged in the business. They are distributed from New Orleans, Baltimore, New York, Philadelphia and Boston, and every centre is reached within eight days. Let me give a few figures of comparative distances. The estimated distance direct from Kingston, Jamaica, to Halifax, is 1,834 nautical miles. The 14 knot passenger service which is provided for in the West India treaty would cover this distance in 138 hours; from Halifax to central Ontario points you have to allow another 120 hours; extra time for stops at the Bahamas and Bermuda would consume a further 24 hours—in all 282 hours, or 11½ days. If the bananas are distributed from Montreal we would have to add one day to this time, for the simple reason that the water trip from Halifax to Montreal would be just that much longer than the rail haul. The distance from Kingston, Jamaica, by the freight service, which is every other week, would take one day longer. The distance from Kingston, Jamaica, to Baltimore, New York and Philadelphia is given as 1,440 nautical miles, that would mean 103 hours, and the rail journey to central Ontario points would take 48 hours, making in all 151 hours. In other words, 6 days and 7 hours against a possible 12½ to 13 days via Canadian ports. New Orleans and Mobile receive their supplies altogether from Central America, and in no case is the time over eight days from the point of shipment in Central America to our markets. This alone makes a difference of anywhere from three to five days. In addition, the dealers have the option of buying their bananas from every one of the ports mentioned every day of the week; they do not have to wait for their supplies. Take a firm handling three cars of bananas a week which many of our Ontario and Quebec firms do; they would have to buy them all at one time. Does the minister know that bananas cannot be held for an indefinite time for the simple reason that they cannot be kept in cold storage or in a temperature below 50 degrees for any length of time without becoming useless? On the other hand, in hot weather bananas can be held for only a very few days or they will become over-ripe.

For that reason we have the trade throughout the whole Dominion buying their supplies from ports not more than three, four or five days distant from the source of supply. Any day of the week they can get their bananas delivered, for instance, on Mondays, Tuesdays, Wednesdays, Thursdays and Fridays. I think the House will see how impracticable the scheme will be in view of the present distribution.

There is another thing I should like to point out to the minister. Why are the large importing companies who are looking for business all the time—there are three or four of them, but three anyway—not distributing from Montreal and Halifax now? If it were feasible to do so I know that those companies would be moving bananas from those ports now. These companies can still bring bananas to Canadian ports direct. If another service is inaugurated there is no reason why the existing companies cannot come up the St. Lawrence with their bananas and enjoy the benefit of the free entry. That would practically ruin any opposition that might be attempted. In my opinion all these matters are worth considering. If the government simply wants the tariff for revenue I contend that a duty of fifty cents a bunch is too high. If for revenue purposes I suggest that a duty of twenty-five cents a bunch would be ample. If the tariff is needed for the other purpose I think it is entirely useless.

Mr. ROBB: I want to answer my hon. friend who has just made two points. One point is that rather than try to divert this business to Canadian ports we should allow it to remain in New Orleans.

Mr. RYERSON: Not at all.

Mr. ROBB: That is the unmistakable inference from the argument my hon. friend has advanced. And all the afternoon it has been argued that we should insist upon preference for preference and encourage Canadian trade. May I point out to my hon. friend,—and he was speaking particularly for Ontario —that he cannot sell the condensed milk, butter, and cheese, of Ontario in the United States market on the same favourable terms as he can under this agreement with the West India islands, and that if the business is distributed from New Orleans or Baltimore the railway that will get the long haul will

be a United States railway. On the other hand if the imports come through Halifax, St. John, or Montreal, Canadian railways will get the benefit of the long haul, Canadian workmen at those ports will profit by the handling of the commodity, and the returning vessels will carry Canadian products intended for the West India islands. My hon. friend has argued that these products are distributed from Baltimore and New Orleans. I submit that if they can be shipped from St. John, Halifax, or Montreal and distributed to points in Ontario it would not take any longer than would the distribution from New Orleans.

Mr. RYERSON: The difference in time between shipments from New Orleans and shipments from Halifax is about five days.

Mr. ROBB: I am talking about products originating in the West India islands. They can be shipped from Montreal and distributed in Ontario just as quickly as they can from Baltimore. As to the other point my hon. friend made, I wondered when he made his statement if he was on the inside and knew something of the distributing companies at present doing this business. It has been stated that these companies could come in under this agreement and distribute the fruit throughout Canada. I do not contradict that. I do not see that there is anything in the agreement to hinder anybody from engaging in the business.

Item agreed to.

Customs tariff—105a. Pineapples in air-tight cans or other air-tight packages, n.o.p., the weight of cans or other packages to be included in the weight for duty, per pound: British preferential tariff, ½ cent; intermediate tariff, 2½ cents; general tariff, 2½ cents.

Item agreed to.

Customs tariff—134. All sugar above number sixteen Dutch standard in colour, and all refined sugars of whatever kinds, grades or standards, not covered by tariff item No. 135, and sugar syrups testing over fifty-six degrees of polarization, when not exceeding eighty-eight degrees of polarization, per one hundred pounds: British preferential tariff, 83 cents; intermediate tariff, $1.50; general tariff, $1.50.

When exceeding eighty-eight degrees but not exceeding eighty-nine degrees, per one hundred pounds: British preferential tariff, 85 cents; intermediate tariff, $1.53; general tariff, $1.53.

When exceeding eighty-nine degrees but not exceeding ninety degrees, per one hundrd pounds: British preferential tariff, 87 cents; intermediate tariff, $1.55; general tariff, $1.55.

When exceeding ninety degrees but not exceeding ninety-one degrees, per one hundred pounds: British preferential tariff, 89 cents; intermediate tariff, $1.58; general tariff, $1.58.

When exceeding ninety-one degrees but not exceeding ninety-two degrees, per one hundrd pounds: British preferential tariff, 91 cents; intermediate tariff, $1.62; general tariff, $1.62.

When exceeding ninety-two degrees but not exceeding ninety-three degrees, per one hundred pounds: British preferential tariff, 93 cents; intermediate tariff, $1.65; general tariff, $1.65.

When exceeding ninety-three degrees but not exceeding ninety-four degrees, per one hundred pounds: British preferential tariff, 95 cents; intermediate tariff, $1.68; general tariff, $1.68.

When exceeding ninety-four degrees but not exceeding ninety-five degrees, per one hundred pounds: British preferential tariff, 97 cents; intermediate tariff, $1.70; general tariff, $1.70.

When exceeding ninety-five degrees but not exceeding ninety-six degrees, per one hundred pounds: British preferential tariff, 99 cents; Intermediate tariff, $1.74; general tariff, $1.74.

When exceeding ninety-six degrees but not exceeding ninety-seven degrees, per one hundred pounds: British preferential tariff, $1.01; intermediate tariff, $1.77; general tariff, $1.77.

When exceeding ninety-seven degrees but not exceeding ninety-eight degrees, per one hundred pounds: British preferential tariff, $1.03; intermediate tariff, $1.80; general tariff, $1.80.

When exceeding ninety-eight degrees but not exceeding ninety-nine degrees, per one hundred pounds: British preferential tariff, $1.09; intermediate tariff, $1.89; general tariff, $1.89.

When exceeding ninety-nine degrees, per one hundred pounds: British preferential tariff, $1.09; intermediate tariff, $1.89; general tariff, $1.89.

Provided that refined sugar shall be entitled to entry under the British Preferential Tariff upon evidence satisfactory to the Minister of Customs and Excise, that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies and possessions, and not otherwise.

Provided further that sugar imported under this item shall not be subject to special duty in excess of three-fourths of one cent per pound.

Mr. CAHAN: In respect of these reductions on sugar, are the British preferential tariff rates mentioned in the first column the rates which will be levied on sugars coming in under the West India treaty? Do they coincide? I have been endeavouring to obtain a copy of the West India treaty from the distribution office but I have not been able to get one this evening.

Mr. ROBB: Is my hon. friend referring to item 134?

Mr. CAHAN: Yes.

Mr. ROBB: There is no change whatever in that. I will point this out to my hon. friend if he will follow me: He will notice the words near the foot of the item after the figures "135"—

—and sugar syrups testing over fifty-six degrees of polarization, when not exceeding eighty-eight degrees of—

And so on. That was put in for administrative purposes because we discovered that sugar was being melted and brought in in tank cars at about a quarter of the proper rate and defrauding the revenues of the country.

Mr. CAHAN: Do I understand from the minister then that except for this further more explicit definition—

Mr. ROBB: There is no change.

Mr. CAHAN: Then except for the purposes of the department the item remains the same?

Mr. ROBB: Just the same.

Sir HENRY DRAYTON: This is the refined sugar, is it not?

Mr. ROBB: Yes, the refined sugar.

Mr. ARMSTRONG (Lambton): Would the minister be good enough to tell us the exact difference in the number of cents per hundred pounds between the figures which are in item 134 and the figures that will appear in connection with the west India and the Australia treaties?

Mr. ROBB: I am not sure that I follow my hon. friend. I think he is referring to the next item.

Sir HENRY DRAYTON: The change is in item 135.

Mr. ARMSTRONG (Lambton): Then as I understand it this item does not interfere in any way with the rates charged for refined sugar coming in from the West Indies and Australia?

Mr. ROBB: The rates are exactly the same as they were before.

Sir HENRY DRAYTON: As I understand it there is a change made in our raws. The raws are made cheaper than they were before, but there is absolutely no change in connection with our refined sugar. Item 134 stands as it was before except for the little change in the wording which does not amount to anything.

Mr. ROBB: Except for that there is no change whatever.

Mr. BLACK (Halifax): Under this tariff a preference is given to bananas landed at Canadian ports. May I ask if the same principle is applied to sugar landed at Canadian ports?

Mr. ROBB: Beginning the first of January.

Mr. BLACK (Halifax): To enjoy the preference, sugar coming into Canada must be landed at a Canadian port?

Mr. ROBB: Under this rate.

Sir HENRY DRAYTON: I take it that means everything?

Mr. ROBB: Everything.

[Mr. Robb.]

Mr. DAVIS: I look upon this as one of the most important things we are going to deal with in connection with the tariff. We have to-day in the Dominion two big sugar refineries which are only producing ten per cent of the sugar consumed in Canada. Now, if there is one industry that should be taken care of and protected it is the sugar industry. Last year there was a sugar factory built in the town of Raymond, Alberta, which has been very successful. While last year there were only eight thousand acres under cultivation, this year ten thousand acres are being cultivated. The seed for the production of the sugar beet is brought into Canada from Germany. To produce all the sugar used in Canada which could be produced from sugar beet we could have under cultivation 300,000 acres of land, giving employment to 100,000 people. To transfer that into sugar we could have ten factories of an equal capacity to the one at Wallaceburg. In Alberta we have 1,000,000 acres of irrigated land, and I suggest that there is no place in the Dominion where sugar beets can be grown more successfully than in that province. The average yield per acre from the sugar beet is about 2,200 pounds of sugar. If there is a bright spot in Canada for development it is in connection with the sugar industry, and seed can be produced in British Columbia of an equal quality with any seed that has ever been shipped from Germany. It will take three-quarters of a million dollars' worth of seed to produce the sugar in quantities sufficient for home consumption. I leave these thoughts with the government for their consideration when making treaties. Let them consider what a great advantage that would be to Canada as a whole and what an enormous amount of employment it would give. In order to make it a huge success and to make the business profitable, the industry must, in common with all other industries, be protected to some extent. All I ask is that the government give a kindly hearing to these representations and endeavour to stimulate that industry in which such a great amount of labour can be employed. We have a splendid foundation for such an industry in Canada, and taking it all in all I think Canada has a great future before it in the development of this industry.

Mr. BURY: I notice that all these figures represent considerable reduction on the sugar items under item 135. I am not sufficiently familiar with the sugar industry in Alberta, but it seems to me that this item is going in the wrong direction. Under the previous tariff the British preferential, for instance, on

the first item under number 135, was 35 cents. Here is a reduction of almost 15 cents. In the same manner in the next item there is a reduction of practically 15 cents, and every single item under 135 shows a considerable reduction. I cannot see that the result will be otherwise than to injure the Alberta industry.

Mr. CHAPLIN (Lincoln): It has already hurt it in Essex and Kent.

Mr. DAVIS: Did the minister not say the duties had not been reduced in respect to this industry?

Mr. ROBB: Not on the refined.

Sir HENRY DRAYTON: But on the raw.

Mr. BURY: Here is 41 cents reduced to 21 cents and 41.50 reduced to 21.89, in some cases almost cut in two.

Mr. CAHAN: With regard to the British preferential tariff rates under item 135, are those the rates which will apply in case the British West India treaty is ratified, or will the British West India treaty necessitate a further reduction from these preferential tariff rates, as specified in the resolution now before the House?

Sir HENRY DRAYTON: Are these not the treaty rates?

Mr CAHAN: Are the rates mentioned under the British preferential tariff in item 135 the reduced rates which will be enforced in accordance with the terms of the British West India treaty, or will the British West India treaty involve a further reduction than the rates here specified?

Mr. ROBB: No, these are the rates.

Mr. CAHAN: It seems to me absurd that we should have negotiated a treaty with the British West Indies, asking from them certain reductions and preferences in view of this parliament making certain reductions in the tariff and giving certain preferences to the West Indies, and yet before the West India treaty is ratified we re-enact a rate of duty which takes from the government all power of future negotiation with respect to the matter. This is resolution number 2, and schedule A is in resolution number 2. Resolution number 5 enacts:

That any enactment founded on the foregoing resolutions number two and three shall be deemed to have come into force on the sixteenth day of April, one thousand nine hundred and twenty-six, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

So that now, with the West India treaty negotiated but not yet ratified, in respect to which the government have not presented the detailed information to the House which was promised as soon as certain tenders for steamships were received, the minister comes to the House and asks us by statute to enact that since the 16th day of April 1926, these reductions have actually been made which were the consideration offered by the government for certain tariff considerations to be granted by the West Indies. In other words, before the treaty is ratified we are now giving to the British West Indies, without any consideration having been offered by them in the way of tariff reductions, a free gift which takes away from the government all power of negotiation.

Mr. ROBB: My hon. friend, who is an old experienced parliamentarian and who has been following the business of parliament for many years, will remember that in 1921, when the party he now supports made a treaty with the West India Islands, they adopted the same process and procedure.

Mr. CAHAN: Before the treaty had been negotiated?

Mr. ROBB: After the treaty was negotiated, and it came into force the day the minister presented his budget. That is the way it is generally done. The hon. member says we are giving to the West Indies a gift or an additional concession. We are doing nothing of the kind. We are giving an additional concession—I will admit that at once—to the West India planter and to the Canadian sugar refiner. The Canadian sugar refiner will get a part of this benefit.

Mr. CAHAN: In what respect?

Mr. ROBB: Because there is an additional something over 16 cents a hundred in their favour. I imagine they will divide it between them. Let me point this out to my hon. friend and to my friend from the west. When the West India delegates were in Canada they were most insistent that we should give them some additional advantages in their gray sugars. They wanted to get their grays into this market. We said: No, we must look after Canadian interests and the Canadian refiners. We had in mind the beet industries that were started throughout Canada and the Canadian refining industry that employs labour. We insisted on that, but I am not so sure to-day whether we were quite wise or not. I notice in the press of the United States that there is a good deal of criticism of the protection given to the refiners of that country, and I have noticed some of the same

criticism in Canada. It is true there is not much to-day because sugar is fairly cheap; the raw sugar is cheap and consequently the refined is down in price. But if the price of sugar became high again we might find an agitation throughout this country for a little cheaper sugar for the Canadian people, so that I think we are dealing fairly well with the trade generally and with the West India planter.

Mr. CAHAN: I do not understand that a preference given to the West Indies is of very much advantage to the Canadian sugar refiner, because the Canadian refiner of imported raw sugar will certainly charge up again to the Canadian consumer whatever duty he pays on the raw article. But this is the point I wish to make: We have negotiated a treaty with the West Indies; that treaty has been submitted to the consideration of this House and it is not yet ratified. In the treaty there appear certain provisions with regard to steamship subsidies and the employment of steamships. The Minister of Finance stated before the long adjournment that at the close of that adjournment he hoped to be in a position to place before the House the result of the tenders then being received so that the House would be in a position to decide definitely whether or not it would ratify the West India treaty as a whole. But before that treaty, which provides for certain preferences on the sugar tariff in favour of the West Indies, has been finally ratified by the House the minister presents to us resolutions granting to the West Indies every preference which the West Indies would have had if the treaty itself had been ratified. I ask the minister if he is not thereby throwing away every consideration which he offered to the West India delegates as grounds for their making corresponding concessions to Canada. He says: This is the ordinary practice of the House and the practice which was followed when the previous West India treaty was brought before the House by the previous government. I suggest to the minister that when the reductions were made in the general tariff on the previous occasion the West India treaty had been ratified by parliament, and these tariff amendments were made in order to conform to the treaty which had been ratified. It seems to me, with all deference, that the Minister of Finance, if I may use the expression, is now placing the cart before the horse. Before the treaty is ratified, before he is in a position to place before the House the material and salient facts which will be grounds for ratification of that treaty, we have resolutions introduced which grant all those concessions and which under the terms of the fifth resolution come into full force and effect on the 16th day of April, 1926.

In order to deal fairly with the public interests of this country I suggest to the minister that we should in these resolutions take power in the government to make the reductions which are here made, but that the reductions so made should come into force only by authority of an order in council to be passed when the corresponding treaty with the British West Indies comes into full force and operation. I am suggesting that as being fair to the House and to the country and conserving the interests of all parties.

Sir HENRY DRAYTON: I do not think no attention should be paid to the remarks of the hon. member.

Mr. ROBB: I was waiting to see if other hon. gentlemen had observations to make.

Sir HENRY DRAYTON: It would be a good thing to get rid of this question; it is the same as I have suggested with regard to the cocoa item. These are treaty items and the treaty is not yet ratified. There are some difficulties in connection with the treaty and my hon. friend has recognized them. He has recognized in connection with bananas that the matter cannot become law now. He keeps his hand on it; he is going to police it. The change in the duty on bananas does not come into effect now; it will come into effect only when the government takes action. All that the hon. member for St. Lawrence-St. George is suggesting is that precisely the same thing shall be done in connection with sugar as has been done in connection with bananas. It is done in connection with bananas simply because there is the contingency not only that the treaty may not be ratified but that there may be difficulties in regard to supplying the service. But the fact that the difficulty is greater in connection with bananas than in connection with sugar is no reason why the same course should not be followed in connection with both. If my hon. friend will arrange when the bill comes down to have a provision inserted that the change will come into effect only when the appropriate order in council is passed after the agreement is ratified, that is the easiest thing to do. If my hon. friend says he will do it, the thing is settled at once.

Mr. ROBB: I am following the procedure which my hon. friend followed in 1921. I have under my hand a memorandum sent out to the collectors of customs and excise indicating that the West India rates have

been brought into effect prior to the ratification of the treaty. Regarding the observations of the hon. member for St. Lawrence-St. George, I hold the position again that this is a concession to the Canadian people as well as to the West India planter. They may divide it between them, but this additional concession on the raws cannot all go to the planter. If later for any reason the West India agreement is not put through, there will be nothing to hinder us in another parliament from correspondingly reducing the duty on refined sugars. Does my hon. friend favour a reduction in refined sugars corresponding to the reduction in the raws?

Mr. CAHAN: If there is a reduction in raw sugar and no corresponding reduction in refined sugar you give a greater protection to the refiners than they had before. It all depends upon the disclosures of an investigation as to whether the refiners are getting sufficient protection or too much, whether they are profiteering or not. What I say is this: In order to negotiate with the British West Indies we need to keep up the tariff on raw sugars. For my part I would keep them up on refined sugars to a corresponding extent so as to give adequate protection to the Canadian refiners. The minister by proposing to put the reduction in raw sugars into force from a specified date, is giving to the West Indies, without any consideration in return, a concession which he previously reserved as a ground on which to negotiate a treaty which he commends to the House for support. That is impolitic and it is unbusinesslike. I suggest that he reconsider that decision, because, in my opinion at least, when the bill comes before the House for discussion we should protest the manner in which the minister is carrying out these reductions before the treaty has been ratified by parliament. In the bill he might very well consider the advisability of bringing this provision into operation by order in council after the treaty has been ratified. If that treaty were not ratified I for one would not endorse the reductions at all. I am simply supporting them, if I do support them, on the ground that they are concessions given in a treaty with the West Indies in return for which we are to receive certain equivalent values. On that ground I am prepared to consider favourably the items suggested in the West India treaty. On the other hand the minister recognizes, I am sure, as well as does the hon. member for East Lambton, that in making these reductions on raw sugar he is taking away from the beet sugar industry of this country a large part of the protection which it now has. He is in effect, without any inquiry or even any suggestion of an inquiry, reducing the protection which has been allowed to the cultivation of beets in Canada, and he will destroy to a very large extent, I believe, and certainly will prejudice very seriously the Canadian producers of beet-root. There is no doubt, from the knowledge and experience we have, that beets can be grown in the province of Quebec in sufficient quantities to supply a large part of the sugar needed for consumption in that province. We all know, too, that Ontario, Alberta and British Columbia are in large part as well adapted to the growing of beets and the production of beet sugar as are Germany, Belgium and northern France, and there is no reason in the world why we should not, so far as we possibly can, safeguard and foster that growing industry, looking to the future.

To sum up, therefore: my objection is that by statute the minister is now reducing the tariff, the reductions to come into force from a specified date, when they should be made effective only upon ratification of the treaty. He should reserve the power to make the reductions by order in council, contingent upon the treaty with the West Indies being ratified. In any case, in my point of view, he should put up the duty even higher on raw sugar, giving a preference to the West Indies and at the same time retaining adequate protection for this growing industry in Canada.

10 p.m.

Mr. ROBB: Had my hon. friend been one of those who negotiated the agreement with the West Indies he would have had the representation made to him that an increase in the protection would meet with serious opposition from the fruit growers of Ontario who require sugars in large quantities for the canning industry; and if he had ventured to put up the duty as high as he now suggests he would have put the canning industry out of business.

Mr. CAHAN: I take exception to that statement entirely; I know something about the matter.

Mr. ROBB: That is the opinion of the men who grow fruit, and that was the representation made to us.

Mr. CAHAN: All the more reason for an inquiry.

Mr. ROBB: They know something about their own business. Far from putting the beet sugar industry in a serious position we are improving it, because we are stabilizing

the industry for twelve years under this agreement. For that length of time the spread now proposed will be maintained. As regards making changes in the bill, I will consider the matter overnight, although I should prefer to follow the procedure of the former Minister of Finance (Sir Henry Drayton) and put it through. My hon. friend (Mr. Cahan) quarrels because we are putting this through before the West India agreement is ratified. May I suggest that there is no one more responsible for the delay than the hon. gentleman himself. He led a group of gentlemen who carried on a debate from the seventh of January, causing a serious delay.

Mr. MANION: We were no more responsible for that delay than hon. gentlemen opposite.

Mr. ROBB: Well, admitting that we were all in it—

Mr. MANION: Yes, admit that.

Mr. ROBB: —there has been a delay, just the same. The West Indies carried out their part of the bargain, putting through the necessary legislation so far as they were concerned. I do not know whether my hon. friend was in the House when I told hon. members that representations had been made to us that certain people were prepared to put on a steamer service between Canada and the West Indies. We want therefore to be in a position to enjoy the benefits of the trade at the earliest possible moment.

Mr. CAHAN: I want to repudiate one suggestion. The minister as a man of honour will admit that he has never yet been in a position to submit to the House the actual facts necessary to enable the House to form an opinion, either favourable or unfavourable, upon the West India treaty. Long ago the minister admitted that he had delayed asking for tenders so long that, as a matter of fact, the returns had not yet come in, so that he was unable to give us any details whatever as to the cost of the proposed service. It is therefore entirely his own fault that nothing has been done in the matter. Whether it was himself or someone else that did so I cannot remember, but a member sought to excuse the government on the ground that they had been so taken up with the elections in September and October as to have had no opportunity for calling for tenders and placing the facts before the country. I therefore take no responsibility for any delay. Personally I do not wish to press the matter. I am not sufficiently informed as to the practices that have formerly obtained, but I am free to admit that in my opinion there have been many bad practices which should be avoided by future governments, and this is one. We should not reduce our general tariff to correspond with preferential treaties before those preferential treaties are in force.

Sir HENRY DRAYTON: I had to tell my hon. friend the other day that it was a matter of astonishment to me that he is so keen on following form and leaving out substance; he follows the letter but always forgets the principle. If he would only follow the principle of former administrations we would not have to say anything at all to him; he would be right. However, my hon. friend says that he will consider the matter and see what can be done, so I will say no more at present. But I would like to ask my hon. friend the reason for the changes in the schedule, apart from those changes necessitated by the West India treaty?

Mr. ROBB: It was pointed out by men accustomed to figure out these polarization tests that it was not quite correct, and this is brought in to follow exactly the practice of the British Board of Customs and Excise.

Sir HENRY DRAYTON: Are these now in accordance with the British board?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: I notice that the rearrangement does not seem to be made under any exact percentage at all, over and above what we had before.

Mr. ROBB: It was taken up at the time by the experts.

Sir HENRY DRAYTON: If you take polarization at 90 degrees, which I think is a practical degree, you will notice that besides the change which would be necessary for the treaty under the British preferential tariff, there are changes in the intermediate and general tariffs. For example, the general tariff was $1.07457; it is now advanced to $1.11000, and while that is advanced I see that on higher degrees of polarization, taking the 98 degrees as an example, it is reduced. Do I understand now that that is merely correcting former errors?

Mr. ROBB: Yes. If my hon. friend will look at the minutes of the meeting he will discover that the West India experts and the Canadian representatives had a considerable discussion, and we suggested that they retire as a committee and agree upon it. This is exactly in conformity with the practice of

the British Board of Customs and Excise, which enables them to keep their records correct. They have a preference in the United Kingdom as well.

Sir HENRY DRAYTON: Our importations under the preferential tariff are small as compared with those under other tariffs, as I recall it; I think we get a great deal of our raws from Cuba, which does not come under the British preferential tariff. But why should there be a change made in the intermediate and general tariffs this time?

Mr. ROBB: I imagine it is making it uniform, to correspond with the others.

Sir HENRY DRAYTON: But it is not made uniform; there is no uniform change at all. In connection with the British preferential there is a drop of almost 15 per cent, while in the intermediate tariff the drop is not 10 cents.

Mr. ROBB: The error might have been greater before; that is the only explanation I have in mind.

Sir HENRY DRAYTON: But that is an explanation which cannot explain. You will find the same condition where you have rectified it.

Mr. ROBB: They start at 96 degrees and work back.

Sir HENRY DRAYTON: That is not the point. You have a reduction in the British tariff altogether out of line with those reductions made in the intermediate and general tariffs. I am not raising any point as to that reduction, but if the sole reason for the changes in the intermediate and general tariffs is that the preferential tariff is changed, why is not the proportion preserved?

Mr. ROBB: I understand it was simply made to conform with the British practice. I am bound to say that it was beyond me to understand those experts when they were figuring it out.

Sir HENRY DRAYTON: My hon. friend will see that when we had a higher degree of protection our sugar beet growers were much better looked after. I am delighted to see one thing, however; my hon. friend to-day is a convert to the ideas of his predecessors as to the necessity of stability. He said to-day that this is a great thing for the growers of sugar beets in Canada, because they will now know that for twelve years they are to have stability. So I take it that he is now a convert to what Mr. Fielding told us a few years ago as to the necessity of tariff stability.

Mr. CAHAN: Where does the stability come in?

Sir HENRY DRAYTON: Because a contract has been made with the West Indies which is to run for twelve years.

Mr. CAHAN: But it does not prevent this government from reducing the tariff still more in favour of the West Indies.

Sir HENRY DRAYTON: No, but the minister says there will be stability now, because that contract runs for twelve years. The great thing is that we now have a convert to tariff stability, although I do not know how long the conversion will last. Be that as it may, I would like to ask what the minister's advice is as to the manner in which the product of the sugar beet grower is purchased. I understand that it is purchased having regard to the cost of raw cane sugars; then again there is a further determining factor, the degree of sugar content in the sugar beet. Those are the two factors. I would like to know whether in fixing this duty, having regard to the position of the sugar beet grower, my hon. friend has considered that question and whether he thinks I am stating the position correctly. If not, perhaps he would say what the correct position is. I want to know upon what basis prices are fixed for the sugar beet growers in Canada.

Mr. ROBB: It is upon the saccharine content, I think.

Sir HENRY DRAYTON: Plus what?

Mr. ROBB: I can get that.

Sir HENRY DRAYTON: I can tell my hon. friend; it is something absolutely necessary to know. It is not only based upon the saccharine content, but also upon the general ruling price of cane raws.

Mr. ROBB: I think that is so.

Sir HENRY DRAYTON: My hon. friend agrees. What is my hon. friend told by those doing the figuring for him that the effect of a drop in the price of raw cane sugars of 5 cents a hundred, as a result of a reduction of 5 cents in the duty, has upon a ton of sugar beets? Is the reduction to the grower as I have found it to be, 50 cents? Perhaps my hon. friend can ascertain that now.

Mr. ROBB: I do not think I could give that information to my hon. friend. But, as he knows, there has been a great drop in the price of raws all over the world.

Sir HENRY DRAYTON: Yes.

Mr. ROBB: I will admit at once that the growers of beets have not the same encouragement to-day to put in their crop as they had when the prices were very much higher.

Sir HENRY DRAYTON: We really require to know the basis, Mr. Chairman, when we consider what we are doing to the producers of sugar beets. Surely my hon. friend's adviser can tell him whether I am right or wrong, that when you wipe 5 cents a hundred off the duty on cane sugars you automatically knock 50 cents a ton off the value of the product of the sugar beet producer. I think this is right.

Mr. ROBB: I am told they are practically in the same position as they were before under the general tariff.

Sir HENRY DRAYTON: Is my hon. friend really serious about that? Is it the position of this government that in connection with the importation of raws the amount of duty is not reflected in the price, and that there is not a decrease in the cost of raw sugars in Canada when the duty is reduced? Will my hon. friend say that? It follows from his former remark.

Mr. ROBB: If the hon. member for St. Lawrence-St. George is right there is no difference

Sir HENRY DRAYTON: That is not what I asked. The hon. minister said a few minutes ago, Mr. Chairman, if I understood him rightly—he will correct me if I am wrong, for I do not wish to misrepresent him—he said that the position of our beet growers was just as it was before having regard to the general tariff.

Mr. ROBB: Practically.

Sir HENRY DRAYTON: But there are reductions in the general tariff. Is it the position of this government that there is no economy whatever to be got out of reducing duties? That follows from what he has said. I know very often that that is true; but is that the position of this government? We have been told that a reduction in duty is a great thing for the consumer. Now my hon. friend says it makes no difference at all.

Mr. ROBB: No, I said the hon. member for St. Lawrence-St. George had said it would make no difference.

Sir HENRY DRAYTON: I do not think so. I thought the hon. gentleman said that the beet man was left in the same position.

Mr. ROBB: Practically in the same position under the general tariff.

[Sir Henry Drayton.]

Sir HENRY DRAYTON: Although the general tariff has been reduced, I want to be absolutely fair to my hon. friend in connection with this. Surely he will admit—he has already admitted it—that as the price is fixed having regard to the cost of these raws, if, for example, we got in enough sugar under the British preferential tariff to look after all our raws, why then the grower of sugar beets would be practically out of business; there would be a reduction there proportionately of almost fifty per cent. But I am quite willing to admit, Mr. Chairman, that that is not the case, that we have a lot of sugars which do not come in under this item. But what does my hon. friend say as to the protection that ought to be given to the grower of sugar beets; where does he come in here? What is my hon. friend's idea as to the proportion that his price is cut? It seems to me his price would be cut five per cent again. That was done in 1923 by the Fielding budget.

Mr. ARMSTRONG (Lambton): Mr. Chairman, if the hon. minister is not going to answer the member for West York, I should like to place myself on record as being strongly opposed to this item in every particular. I have already given a great many figures in support of my argument, and I do not intend to prolong the debate any more than to put myself on record, as I have said, strongly in opposition to this item going through in its present form. The member for East Calgary has already told the committee what a serious effect the reduction would have on the sugar beet farmers in his riding. Should you come down to my part of Ontario where tens of thousands of acres of sugar beets are grown, and where hundreds of thousands of acres could be put under sugar beet cultivation to advantage, you would appreciate how important it is, Mr. Chairman, that instead of discouraging sugar beet growing by lowering the duty on raw sugars our sugar beet producers should be given every encouragement. To-day raw beets from tens of thousands of acres in western Ontario are being sent to the United States sugar refineries, 83 cents a ton excise tax being paid on every ton of those beets entering the United States. There the beets are manufactured into refined sugar, which is brought back into Canada, because we produce only 10 per cent of our requirements. We are importing the other 90 per cent when we should be encouraging the industry here.

Let me draw the minister's attention to a few of the facts put on Hansard the other day by the member for Kent (Mr. Chaplin).

He mentioned that when in 1923 the minister reduced the duty half a cent a pound the refineries at Chatham and Wallaceburg reduced the price of sugar beets to the farmers 50 cents a ton. Now, if I understand it correctly—and the information I have is from a most reliable source—this further reduction in duty will amount at least to one cent a pound. If that is the case, then our farmers can expect for the next twelve years that another dollar per ton will be taken off their sugar beets in order that the West Indies and Australia may have this preference. I apeal to the minister to consider the matter very seriously. I have already told him of a sugar refinery that was under way in my home town when the minister made the reduction of half a cent a pound on refined sugar, a refinery on which $200,000 had been expended, contributed to by four thousand farmers. Those people are very anxious to carry on. The member for Kent told the minister that in 1923 there were 40,000 acres under sugar beets in his riding, and after the reduction in the duty on refined sugar the area cultivated dropped the following year to 30,000 acres, and that he does not expect the acreage this year will be over 20,000 acres. If the minister would come to my riding, which adjoins that of the hon. gentleman in question, he would find a similar state of affairs. Ever since the reduction was made in the duty on refined sugar. and the fifty cents bounty per ton was taken off sugar beets, the farmers have become so discouraged that they have decreased the crop year by year. This further reduction will help to drive them out of business.

I have just one other word to say and it is this: I want the minister to remember that while the farmers were getting $8 and $10 a ton at outside points for sugar beets some years ago, to-day they are only receiving $5 or $5.50 per ton. The men who raise those beets have to do the hardest kind of work, and the beets have to be taken to market when the roads are in the worst possible condition. I again urge upon the minister the need of giving assistance to the sugar beet growers of Canada, either along some other line, or else restoring the tariff to where it stood some years ago.

Mr. HEAPS: Has the minister any idea under what conditions sugar is grown in the West Indies? Is the labour employed indentured labour or free labour?

Mr. ROBB: I understand that in the West India islands there is no indentured labour of any kind. In Australia, as my hon. friend knows, where they boast of having a white man's country, one of their difficulties is the high cost of labour. I think there is some indentured labour in the Fiji islands, and possibly in British Guiana. I do not know of any other places where the system obtains.

Mr. BLACK (Halifax): I may say that sugar is produced in the West India islands, speaking generally, by labour that earns about forty cents a day.

Mr. CAHAN: Will the Minister of Finance not be quite frank and admit that the peculiar way in which this resolution is introduced, and that it is to come into force as of April, is due to the fact that hon. gentlemen have about made up their minds that the West India treaty is not likely to be ratified, and that they are offering these concessions to the West Indies as a solatium for not getting the full benefits of the treaty itself?

Mr. ROBB: I am not sure that I understand my hon. friend? Does he insinuate that the West India agreement will not come into force? Is that the idea?

Mr. CAHAN: I am suggesting that possibly the tenders which the hon. gentleman received were so very high as to place it beyond the government's power to ratify and carry out the terms of the West India agreement, and it occurred to me that possibly this resolution is introduced as a solatium to the West India islands in case they do not get the full benefits of the treaty.

Mr. ROBB: My hon. friend is wrong in his conjecture.

Mr. BURY: I should like to call the attention of the minister to the fact that the reductions proposed in the schedule now before us, which are not merely in respect of the British preferential tariff, but also in respect of the general tariff, follow very drastic reductions. For example, taking the first class of sugar mentioned in item No. 135, the British preferential tariff was reduced from 70 cents in 1922 to 35 cents in 1924. Now it is cut to 20.627 cents. The intermediate tariff in 1922 was $1.16080. In the last tariff which we are proposing to change now it was reduced to 81.08 cents, and a further reduction is now proposed to 70.851 cents. So that this really is not one reduction, it represents a process of reductions, reductions that must be hitting the beet growing industry in Alberta and elsewhere in Canada. What I want to know is why the reduction in the intermediate tariff

and the general tariff are necessary. I understand that the reductions in the British preferential tariff are necessary, but why should reductions in the other tariffs be conceded?

Mr. ROBB: When my hon. friend was not in the House, I explained that the idea was to have uniformity and to follow the practice of the British Board of Customs and Excise. My hon. friend has mentioned rates as low as 81 and 71 cents, but there is practically no sugar which comes in under 90.40 polarization.

Mr. BURY: Are the beet growers of this country to lose the benefit of protection merely in order that the minister may adjust his schedule to some British schedule?

Mr. ROBB: No.

Mr. BURY: I cannot understand the minister's explanation of the reduction in the intermediate and the general tariffs. The minister has just explained this reduction by saying that he wanted to make his schedule conform to the English schedule. I ask him now, are the beet growers of this country to be put out of business simply because it is supposed to be of benefit that the schedule here should conform to the principles of the British schedule?

Mr. ROBB: My hon. friend, who comes from Alberta, will feel better satisfied if I tell him that I have under my hand a letter from the Canadian Sugar Factories Limited of Raymond, Alberta, who direct my attention to the difficulties of their business. They do not complain so much of the tariff, but they do tell me that they suffered considerably last year owing to early frosts, shrunken beets, and conditions of that kind. They go on to assure me that the people of Alberta are putting in practically the same acreage, indeed a little more, than they did the previous year. I imagine that they are going to make some request to the federal government or the provincial government because they direct my attention to the fact that the United Kingdom subsidizes the beet growers in that country.

Mr BURY: In other words, as I understand the minister, they are going to suggest a subsidy?

Mr. ROBB: I do not say they are, but they direct my attention to certain facts.

Mr. BURY: That appears to be the suggestion, that they will require a subsidy of some kind.

Mr. ROBB: No; I did not say that.

[Mr. Bury.]

Mr. BURY: What is the date of that letter?

Mr. ROBB: May 7, 1926.

Mr. BURY: Could the minister tell us whether the tariff changes embodied in this schedule were made before the sugar refiners wrote that letter?

Mr. ROBB: The budget was delivered on April 15. I do not say they are satisfied.

Mr. MANION: The minister said they did not complain much of the tariff. What did they say?

Mr. ROBB: They made a reference to the conditions and said they hoped there would be no further reduction.

An hon. MEMBER: Did they tell the minister how much money they lost last year?

Mr. ROBB: No.

Mr. ARMSTRONG (Lambton): Would the minister tell us the wages per day of the men working in the fields in the West Indies?

Mr. ROBB: I have not that information.

Sir HENRY DRAYTON: I think the minister said about forty cents.

Mr. ROBB: I did not say so.

Mr. ARMSTRONG (Lambton): On raw sugar delivered from the West Indies, how much more will the refineries at Wallaceburg and Chatham pay than the sugar refineries in the east?

Mr. ROBB: I am not sure whether my hon. friend was in the House when the West India agreement was before us. I made a statement in reference to that matter. It was pointed out to me that the refinery at Wallaceburg would not be in as good a position as the refineries close to tidewater. It so happened that representatives of the two Canadian railways were in Ottawa at that time, and I suggested to them that inasmuch as they were sure of getting the additional haul on the West India business inward and outward they could very well afford to absorb the difference and place the refinery in Wallaceburg in as good a position as they would be if the product were being sent up from New York—because that is where they were getting it. The complaint was not of the change in the tariff, but that under the conditions they were compelled to come in by a Canadian port. Heretofore the product was brought in from New York, and it was thought reasonable they could meet the rate.

Item agreed to.

Customs tariff—156b. Angostura bitters, the produce or manufacture of any of the colonies enumerated in section 8A of the customs tariff 1907, when conveyed without transshipment by ship direct into a sea or river port of Canada, per gallon: British preferential tariff, $5; intermediate tariff, —; general tariff, —.

Sir HENRY DRAYTON: What are the two blanks there for?

Mr. ROBB: To make it clear that only the British preference is affected.

Sir HENRY DRAYTON: Is it not usual to put in the other rates so that there may be no misunderstanding?

Mr. ROBB: No.

Mr. SUTHERLAND (South Oxford): What is the object in reducing the rate from $10 to $5?

Mr. ROBB: It is a concession we gave to one of the islands—Trinidad, I think.

Mr. SUTHERLAND (South Oxford): What quantity of angostura bitters was used last year?

Mr. ROBB: I have no idea, I do not use any of them.

Mr. SUTHERLAND (South Oxford): I would imagine my hon. friend would have some idea before making a reduction of $5 in the rate.

Mr. ROBB: There was no separate classification.

Mr. SUTHERLAND (South Oxford): Why take this item out from the other items and give it a preference of $5 over that which it had heretofore? Surely the minister made some inquiry as to the effect of the reduction? Or is it a parity with the whole tariff—based on no general principle, but simply a matter of convenience?

Mr. ROBB: It was represented to us during the conference that angostura bitters are used in the preparation of certain drugs. In the United States, where they are supposed to be bone dry—although we have heard through the customs inquiry they are not—the rate was only two and one-half. They wanted us to make it two and one-half, but we said it was a matter of revenue and we made it $5.

Mr. CAHAN: Angostura bitters were manufactured, unless there has been a recent change, by a family which employed about half a dozen hands. Why should a special consideration of $5 be made in favour of a family monopoly such as that?

Mr. ROBB: The rate is two and one-half in the United States and we are getting $5 out of it.

Item agreed to.

Customs tariff—216a. Cresylic acid when imported for use only by manufacturers in the manufacture of preparations for disinfecting, dipping and spraying: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BARBER: What is that?

Mr. ROBB: This is a new item. There is no separate classification of the imports, but the import is small. This acid will be used in the manufacture of non-alcoholic liquid preparations for disinfectant, dipping and spraying, which are subject to a duty in tariff item 209.

Sir HENRY DRAYTON: Is that produced here?

Mr. ROBB: No.

Item agreed to.

Customs tariff—295a. Zirconium silicate: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. ROBB: This is a new silicate. It is now subject to a rate of 15, 17½ and 17½; in the French convention it was 15¾. We propose to make it free all along the line. There is no separate classification of imports. It is used largely in the manufacture of fire clay and fire brick. Fire clay is free of duty and the fire brick is subject to a low rate of duty.

Item agreed to.

Customs tariff—384c. Rolled sheets of iron or steel coated with tin, of a class or kind not manufactured in Canada: British preference tariff, free; intermediate tariff, 5 per cent; general tariff, 5 per cent.

Mr. CAHAN: I think we should have some explanation in regard to this item. For some time past negotiations have been taking place in Montreal by manufacturers of rolled sheets of iron and steel. There have been negotiations also on behalf of American companies, and I understand that English and American interests have gone in with the Canadian undertaking for the manufacture at Montreal of rolled sheets and sheets of iron and tin, which would employ one thousand hands at least in the first year. I notice this item says: "Rolled sheets of iron or steel coated with tin, of a class or kind not manufactured in Canada." Does that mean that so soon as factories are established in Canada and begin to produce their output, this reduction

of 5 per cent in the general tariff, 5 per cent in the intermediate tariff, and free under the British preferential tariff, will no longer apply, and that the old rate, which was 12—

Mr. ROBB: It was 12½.

Mr. CAHAN: —that the old rate will ipso facto come into force?

Mr. ROBB: The understanding of the hon. member is I think correct. It has been represented to us for some time that an industry of this kind was to be established in Canada. It has not been established, and in the meantime the canning industry generally, fish, fruit and other products that are put up in tins, have been suffering. This is a concession to them It is estimated that one-half the tin plate is exported, in which case, as hon. members know they get a rebate of 99 per cent. We are now making it so that the local industries will be in a better position, and as my hon. friend pointed out, when it is made in Canada then it reverts to the other tariff item.

Mr. CAHAN: I am very anxious that that should be done, not that I have any personal interests in the matter, but the constituents whom I represent have a very deep interest in it. Will the hon. gentleman consult the Solicitor General or the attorneys of his department and see if the wording cannot be slightly changed so as to read:

Rolled sheets of iron or steel coated with tin, of a class or kind not manufactured in Canada and so long as it is not manufactured in Canada.

Or some such words as would make the item more clear and definite than it is at present, because as it is now worded those who are interested, after consulting their attorneys, are afraid that it may not mean just what I have suggested to the minister and what the minister confirms to be its meaning.

Mr. ROBB: I am here representing the people generally, and this is the language that has been followed in regard to some other items of the tariff. I can assure my hon. friend that the customs officials will deal fairly with this industry as they have dealt fairly with all other industries, but we do not propose to put ourselves in a position where some very clever attorney, in order to come under the act, may say to the Customs department: I am manufacturing this in Canada now, when perhaps he has only a little shop ten by twelve and is not manufacturing in sufficient quantities reasonably to supply the trade. The matter should be left to the officials to administer so that they may be certain that manufacturers are able to supply the public with a reasonable quantity. The law officers of the Department of Justice and the legal advisers of the Department of Customs and Excise advise us that this is the correct language for that sort of item.

Mr. CAHAN: I want nothing more than justice, and I am simply suggesting that justice should be done; that the factory should be one that can reasonably supply the trade or a large part of the trade. But in justice to those who are undertaking work of that kind I think the minister should make the item as clear and definite as possible in the statute so that there may be no misunderstanding. It is not the duty of the legal advisers of the Department of Customs and Excise to make laws or to add to or subtract from laws by interpretation. This matter is so vital that the hon. gentleman might at least consider whether it could not be made more definite by inserting, if necessary, this provision:

So long as it is not manufactured in Canada to an extent to satisfy the demand in Canada.

Or something of that kind.

Mr. ROBB: I understand the practice in the department is that it must be manufactured in commercial quantities. The customs officials are dealing with these items every day and my hon. friend can rely upon them to interpret the item fairly.

Item agreed to.

Mr. ROBB: I would suggest that we pass over the automobile items and clean up the others. I imagine hon. members will desire to discuss the automobile items more fully.

Sir HENRY DRAYTON: Perhaps my hon. friend has some new light for us first.

Mr. ROBB: We will clean up the other items.

Customs tariff—448. Spraying machines, fruit or vegetable grading machines, incubators for hatching eggs, brooders for rearing young fowl, pruning hooks, pruning shears, hay loaders, potato-diggers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm or field rollers, post hole diggers, snaths, milking machines, milking machine attachments; centrifugal machines for testing butter fat, milk or cream; pasteurizers for dairying purposes; equipment for generating electric power for farm purposes only, viz: engine, generator, storage battery and switch board; stumping machines, and other agricultural implements, n.o.p., and complete parts of articles specified in this tariff item: British preferential tariff, 5 per cent; intermediate tariff, 10 per cent; general tariff, 10 per cent.

The part referring to—

Pasteurizers for dairying purposes; equipment for generating electric power for farm purposes only, viz: engine, generator, storage battery and switchboard—

—is new.

Sir HENRY DRAYTON: What is the effect of it?

Mr. ROBB: The effect is to bring those items under that classification.

Sir HENRY DRAYTON: What is supposed to be the effect on the treasury

Mr. ROBB: A loss of roughly $87,500.

Mr. SUTHERLAND (South Oxford): What is the present tariff on equipment for generating electric power for farm purposes?

Mr. ROBB: Ten, twenty-five and twenty-seven and one-half per cent. It is now reduced to five, ten and ten per cent. The items going into the manufacture of this can be imported at 6 per cent under the general tariff, under items 445a and 445b, so that we are not placing the manufacturers in any worse position. This is a concession to the farmers of the country.

Mr. SUTHERLAND (South Oxford): How many firms are manufacturing these lighting plants in Canada and what is the value of the output during the past year from these factories?

Mr. ROBB: I regret I have not the information before me. I will try to get it for my hon. friend.

Mr. SUTHERLAND (South Oxford): In the meantime we shall have passed the item and damage will have been done. I know as a matter of fact some of these industries have been established in Canada under the impression that they would be practically safe with a tariff of 25 to 27 per cent. Now the minister proposes to reduce that to 10 per cent. Some of them have only recently been established and they are turning out a splendid output. They should receive some consideration from the government; the minister surely does not intend to allow the impression to go abroad that he has made this reduction without making any inquiry into the matter.

Mr. ROBB: I will admit that I have looked very carefully into the matter. I have observed outside and I have heard it frequently said in this House that the young men and women are being lured away from the farms to the bright lights of the cities. I propose, so far as I am able, to put it within the reach of the farmer, who is far away from the electric current in the cities, to have cheap light.

Sir HENRY DRAYTON: My hon. friend gives us a very fine generalization, but I have not yet learned that tariffs are built upon generalizations. He has a laudable object in front of him and I would like to follow it out with him. I would like him to take any one item he likes and tell us what the difference in cost is to be to the people of the country. That is a question to be considered when we are going to get the bright lights on the farm. What does this mean?

Mr. ROBB: It means that the government will lose, as I said before, about $87,500 through reduction in customs revenue. We will not lose all of that in the manufactured product; we will lose part of it in the raw material that may be imported. Some raw material will be produced in Canada and not imported. We lose in addition to that $55,000 in sales tax so that there will be a concession of $142,500 of taxation, making it easier for people far away from electric current developed in the cities and from water power, to get their own electric light.

Sir HENRY DRAYTON: My hon. friend has not told me yet what reduction in price he is figuring on. What is the output in Canada? What is the disturbance? What was the previous net protection which these people had?

Mr. ROBB: They had a protection of 15, 25 and 27½ per cent. Under the French convention the protection is 22½ per cent.

Sir HENRY DRAYTON: That means nothing, stated without qualification. The minister is aware that the item includes matters of revenue to this country as well as the element of protection. What I want to know is what their net protection is. Have all the tariff reductions this year been arrived at without any idea of what net protection means?

Mr. McMILLAN: If there is one class of people in the country who ought to have the benefit of electric lighting and generating plants it is the farmers, especially in sections where hydro-electric power is not available. So far these plants, apart from installation, have cost around $350 to $375, and repair parts, when needed, cost in Canada 50 per cent more than they do in the United States. It would therefore make a considerable difference to the farmers who wish to instal electric lighting apparatus to have plants and parts brought within reason in the matter of price. This is one indispensable utility which makes for a greater degree of comfort in farm life. With an electric plant the farm can be supplied with power for various machinery including washers, irons, and, in the barn, fanning mills, grindstones, cream separators, and so forth.

Mr. MANION: How do the prices of these things compare in the United States and Canada?

Mr. McMILLAN: I do not know what the respective prices are to-day, but for four or five years I sold these plants in my own section of the country, and at that time I had a thorough knowledge of prices. I do know, however, that repair parts cost to-day in Canada 50 per cent more than they have to pay in the United States.

Mr. SUTHERLAND (South Oxford: The hon. member (Mr. McMillan) has had experience in handling plants manufactured in the United States and he says that the firms here are charging double what they charge across the border. Well, after putting the manufacturers in this country out of business, what better position shall we be in than at the present time? The words "for farm purposes" in this connection do not mean very much. In towns and cities where electrical power is available that power will certainly be used, while in rural districts where hydro power is not generated these small plants are installed. We have some factories turning out these plants and their work is most satisfactory; the plants they turn out are the most efficient electric lighting apparatus that can be found anywhere. I have sufficient faith in the genius of the Canadian people to believe that they are competent enough to manufacture electrical machinery quite the equal of that made in the United States or anywhere else, and in view of the fact that some of these factories have recently been established it is unfair to reduce the protection which they had been assured they might depend upon. By way of comparison I would call the minister's attention to item 590c,; which deals with engines and complete parts when imported for use only in the equipment of aircraft. At present they are free under the British preference while the other duties are 7½ and 10 per cent. On and after July 1, 1928, they will be 15, 25 and 27½ per cent.

11 p.m.

Mr. ROBB: Under the British preference they are free until that date. Thereafter the duty goes on.

Mr. SUTHERLAND (South Oxford): After that date the manufacturers will be led to believe that they will have a tariff protection of 15, 25 and 27½ per cent. But what assurance will they have of any permanency in that tariff? What encouragement is there for people to invest money in such an enterprise in Canada? They have no assurance that this tariff will be maintained, and that is what is undermining confidence among the people. Let us have some degree of stability. The minister has shown no regard whatever for the sugar beet industry; apparently it makes no difference to him whether we use sugar produced in Canada or sugar made by foreign labour. He thinks he has done enough when he comes to parliament and declares that he is going to provide rural credits legislation to relieve farmers who may be hard up. Surely this is not the principle upon which a sound policy should be based. I have endeavoured time and again to-day to induce the minister to state to the committee precisely on what principle these reductions are based, and what the government's objective is in its tariff legislation. The country is entitled to know just what the government proposes to do. It must have some assurance of tariff stability.

Mr. ROSS (Kingston): Knowing the minister as I do, I have been very much surprised to hear the reasons he has advanced for having been driven to this, that and the other change, but the surprise of the whole evening has been to hear him make the statement that this item had for its object the providing of lights on farms as a means of keeping the farmers' children at home. Bright lights will do the trick. As one who was brought up on a farm, I must say that I have listened to that sort of reasoning so much that I am about sick of it. The idea is preposterous that it was the bright lights of the city or any thing of that kind that attracted me and hundreds and thousands of others from the farm. It is absolute rot. The sons and daughters of farmers have as much brains as the sons and daughters of city people, and if they have taken advantage of their talents and their opportunities to go into other lines of business they have done so because they could not prosper on the farm. Now the farmer, along with other creatures he raises on his farm, rears more children than he can make use of, and many of them consequently are obliged to leave the farm. The minister proposes to retain these people by providing them with bright lights. That is not the idea at all; these are no reasons for the townward trend that has gone on for years. But I will tell you one reason. Agricultural development has taken place in the last sixty or seventy years and there has been a demand for those implements which have made farm work easier. These have been made in the cities and towns, and the farmers' boys in a large way assist in the manufacture of these implements. That is one reason for the townward trend, and it is not because of this lack of bright lights on

the farm, and all that sort of thing. Consequently I want to draw the attention of the hon. member for South Huron (Mr. McMillan) to the fact that if he has a boy on the farm and that boy is a mechanical genius, where is he to apply himself? My hon. friend is going to insist that that boy go to the United States, where thousands have gone for that very reason. We should recognize the fact that these batteries and so on can be made in Canada, and boys from our farms can get employment in these factories instead of going to the United States.

Mr. YOUNG (Weyburn): Does the hon. member think he can keep that boy on the farm by keeping him in darkness?

Mr. ROSS (Kingston): If a boy has brains he will use them, whether or not you keep him in darkness. Do not keep him there if he has brains; give him a chance to get ahead, but give him a chance in Canada. We are not only sending our natural resources out of this country, but we are sending after them our most valuable natural resource, our boys and girls. Now I want to draw to the attention of the minister the fact that batteries are being made in Canada; men are just beginning to manufacture this electrical equipment, but they are becoming downhearted as they see one thing after another put through this House of Commons to give them less and less opportunity. I have listened to all these ways of keeping the boy on the farm, and I do not believe the minister believes in his heart one word of what he said. I know him well, and it is only trash and nonsense to say that this is going to keep the boy on the farm.

Mr. FORKE: I have listened to the remarks made in reference to keeping the boy on the farm. When we who live in the country come to the city we recognize the tremendous advantages of city life over country life in the matter of many conveniences. Light is one, postal service another, and I think our city friends should be very anxious to help those on the farms enjoy some of the conveniences and luxuries of modern civilization. Good light is something which will help keep the boy on the farm. Anyone who has ever lived in the country and who knows what the coal oil lamp means will know how difficult it is to enjoy reading on a winter evening with poor light. They will realize how good light makes country life more attractive. Perhaps I will not be in order, but I would like to give the reason why the boys are leaving the farm. The last speaker said we should not keep the boys on the farm if they had ability for other work, and I quite agree with him. But what is happening all over Canada to-day? I can look back to my old district in Manitoba, where I have lived for over forty years; there I have seen a generation grow up to manhood and womanhood and leave the district. Why?

Mr. RYCKMAN: To go to the United States.

Mr. FORKE: No, Sir; their parents have lived under great disadvantages and difficulties, and the children have grown up to appreciate this fact. We are proud of the fact that education is within the reach of every boy and girl. They go to the common schools, the high schools and the universities and have been educated away from the farm—not because education has done that, but they have learned the disadvantages of agricultural life and will not go back to the farm. I must be careful in what I say, because some people will think I am speaking against education. Education will not take a boy away from a farm if conditions on the farm are right. The way to keep the boys and girls on the farm is to make farm life so attractive that the cities will not draw them away. Light, while it may seem trivial, is very important. I know what it is to sit through a long winter evening trying to read with a poor light, and I know that good light is a prime requisite. We simply ask that electric lighting plants for farms be made and sold as cheaply as they possible can. I would like to repeat what I said in opening; when I come to the city and realize the advantages of electric light, almost like daylight, and consider the conditions on the average country farm, I think we should be prepared to do something to help those farmers get the very best light possible at the cheapest rates.

Mr. SUTHERLAND (South Oxford): I am sure the country will be pleased with the light we have had on this subject from the hon. member for Brandon (Mr. Forke). He informed the committee this afternoon, when another item was under consideration, what he was capable of doing in the west. Now he is referring to the hardships the people in the country districts have to undergo, and he tells us that the young people, after securing an education, do not find things as attractive on the farm as in the city, and that they desert the farm as a consequence. I could not help but think of the illustration given the House this afternoon by the hon. member for his actions of last year and this year in regard to the duty on agricultural products. He told us of an old ewe he had on the farm, which produced two lambs, for each

of which he received $10 without having to feed them anything of consequence. He forgot that there was no duty on wool, which we are getting from Australia, from Argentina and other countries; he forgot there was no tariff worth speaking of on meat products as well. I am inclined to think that if the hon. member for Brandon prefers a coal oil lamp on the farm, he is welcome to it, but I can assure him that we have people manufacturing lighting plants in Canada which are not only equal but, I believe, superior to those manufactured in the United States. Has the hon. member for Brandon shown or attempted to show that these plants could not be obtained in this country as cheaply, and of as good quality, as in the United States? I can assure the hon. member for Brandon that we have in the county of Oxford a plant manufacturing an electric lighting equipment which is equal to anything manufactured in any country in the world, and that this plant is likely to be put out of business by the proposed change in the tariff.

Mr. FORKE: Why?

Mr. SUTHERLAND (South Oxford): For the reason that those people have only recently become established and the large plants in the United States, in order to put them out of business, will very likely for a short time reduce the price of their equipment, and having accomplished their purpose, they will then raise their price to recoup themselves, as they have done in other cases. I call the minister's attention to another item on this list which is of a similar character. I refer to item 590c:

Engines and complete parts thereof, when imported for use only in the equipment of air craft.

The CHAIRMAN: Order. We are dealing with item 448.

Mr. SUTHERLAND (South Oxford): Surely, Mr. Chairman, I am permitted to make a comparison with an article of a very similar nature. I am referring to engines. The assurance is held out that the tariff is going to be increased on those things after 1928, it being at present 7½ and 10 per cent. The other engine in the lighting plant is subject to a tariff of 27½ per cent, which is a reasonable degree of protection, and it has enabled those people to go into business. But here the government comes along and says: After 1928 we are going to put the tariff up on these other things. That is the inducement which is being held out to people to invest their money in an industry of that kind. It is absolutely out of the question because they have no assurance that the government will show them any consideration. After investing their money the government will probably say to them: You can take your chance with the big industries in the United States, who after having destroyed your business will immediately put up their prices, as they did with barbed wire. We purchased barbed wire cheaper when it was being manufactured in this country than we have ever been able to do since. The same thing applies all along the line. It is anything with the government to destroy Canadian industry and drive our people across the line. That is what the hon. member for Brandon and this government are doing, and to-day the country is suffering more under this government than it has ever suffered before. The government are doing their best to destroy Canadian industrial life.

Mr. MACLEAN (York): Mr. Chairman, I am going to tell my hon. friend from Brandon something within my own experience. Within the last few days I met a gentleman who has travelled a good deal both in the United States and in Canada, and he said to me—I have seen something similar in the press—that the greatest advance in economics in the world to-day has been made by the western farmers in pooling their grain and taking over the selling of it, by which they have increased their price. "Now," he says, "if the western farmers will go one step further and pool their buying from industries that will put up great factories in the west for the production of the agricultural implements and other things required by the farmers, it will give their boys and girls an opportunity to get industrial training in those establishments. That is the next thing the farmers of the west ought to do." I give that idea to my friend from Brandon. There may be some protection in it, but I think its adoption would locate a lot of industries in the west.

Mr. EVANS: Mr. Chairman, I did not intend to take part in this debate, but such erroneous ideas have been put forward on this item that it is hard for me to keep my seat. The commodities contained in this item are of great value to the farmer, and it is only fair that he should have them duty free. I cannot help thinking that if the hon. member for South Oxford would only analyze his own statements he would see how contradictory they are. He says that the genius and industry of our workmen are equal to those of any other workmen in the whole world, and that we can make electric lighting equipment here the equal to anything made in the whole universe. Yet he points out that

that equipment is worth less than the material and labour that went into its construction. If it was not so its manufacturers would not need protection. The very idea underlying the need of protection is that the value of the finished article is worth less than the raw material that entered into it. Nobody can deny that. It is an economic law. If it was, as the hon. member says, equal to any similar equipment made in the world it could be sold on its own merits. But there is not a thing that our manufacturers and workmen can touch to-day that would be worth as much finished as in the raw state, according to their plea for protection. That is the strange thing. It has got to be a little tiresome hearing those to the right chiding the member for Brandon, as though he was responsible for all the trouble our cities are enduring to-day.

Sir HENRY DRAYTON: Mostly.

Mr. EVANS: The hon. member has even accused the Minister of Finance of being two-faced in his argument. Well, all day my friends to the right have been advocating something for the farmer. They have said: "Oh, if we could only give him protection and make life on the farm as it should be." But now they are willing to deny him even a small electric light plant!

Mr. MANION: We would give protection all round.

Mr. EVANS: The two-facedness of the whole thing is beyond expression. The hon. member says, "Why don't we give protection all round."

Mr. MANION: Hear, hear.

Mr. EVANS: He has been advocating that for two years, but during that time he has never come forward with one idea to show how it can be done. I challenge him to do so to-night. The principle underlying protection is that an industry cannot live and sell its product in competition with the world. How, then, can the farmer pay a high duty on what he needs, amounting in some cases to 35 per cent or more, and then sell his product against all the cheap labour of the whole world? We have to compete against Russia and India, where the people work for a few kopeks or a few annas a day. Is it reasonable, is it fair? Have our people lost all sense of right and British justice and fair play? Why, the thing has become too childish for words.

Mr. MANION: Mr. Chairman, I have been listening the whole evening and rather enjoying the discussion, but the hon. gentleman challenges me so I must give some defence of myself. I always listen to him with the greatest interest, because he is so enthusiastic. I always notice that what he lacks in logic he supplies in enthusiasm. I say that with no disrespect, for I have the friendliest feeling for him. But he says we are not consistent to-day because we are advocating protection for the farmer and we are also advocating protection for the manufacturer. What is inconsistent in that? I have kept away from the discussion to-night because I thought someone would get up and say exactly what my hon. friend has said. But as a matter of fact the hon. member for South Oxford is absolutely consistent, and he showed his breadth of mind this afternoon by fighting for protection for the farmers and then standing up courageously to fight for protection for the other industries of this country, although a farmer himself. The hon. member for Rosetown says we cannot, or never have offered, any original suggestion—I believe that was the way he put it—for giving protection to all classes. Now, I do not pretend to any originality, but I certainly do believe that the people of Canada can protect all classes in this country, with the possible exception—and I have said it many times—of the wheat grower, who has to sell his product in the markets of the world. But the farmers in Ontario and Quebec—and there are two millions of them in these provinces, or about four times as many as there are in the prairie provinces—sell their products to the industrial centres in their neighbourhood to the extent of about ninety per cent.

Mr. McPHEE: Are there two million farmers in those provinces?

Mr. MANION: Yes; two million farmers in Ontario and Quebec, and they sell their products to the workers in the industrial centres.

Mr. McMILLAN: There are only 711,090 occupied farms in the whole of Canada.

Mr. MANION: There are two million people living on the farms of those provinces.

Some hon. MEMBERS: No, no.

Mr. MANION: Well, there are only about three million people, in round figures, in the three prairie provinces, and quite a number are in the cities, so you can figure out the number for yourselves. I am quite within my estimate, I think, when I say that there are two million people, probably more, in the provinces of Ontario and Quebec living on farms. These people sell about eighty-five to

ninety-five per cent of their products in the industrial centres in their neighbourhood. I submit that you can protect these farmers just the same as the people engaged in any other industry. I will admit that the wheat farmer at the present time cannot get the benefit of full protection. We do increase his home market to some extent, but we admit we cannot consume all the wheat grown in Canada. On the other hand, the United States—and my hon. friends opposite are always boasting of it—are consuming at home practically all their wheat. It is their home market, because they have had protection for practically seventy-five years.

The CHAIRMAN: I cannot allow a second budget debate. Shall the item carry?

Mr. SUTHERLAND (South Oxford): Before the item carries—

Some hon. MEMBERS: Carried.

Mr. SUTHERLAND (South Oxford): No, it is not carried. I should like to assure the minister that this item is one that may well stand for the consideration of the tariff board. These engines have been taken out of the class in which they formerly stood and placed here among a whole lot of other articles. The minister admits that he does not know how many factories are manufacturing them, nor what the output of these factories is. I would ask him to show due consideration for the people who invested the money in their business, and allow this matter to stand for a little further consideration. That course may well be pursued seeing that the automobile item is to be allowed to stand for some time. If the minister takes the trouble to inquire into this matter he will realize that by what is proposed there is going to be great injustice done to some people who are endeavouring to carry on a legitimate business in this country.

Mr. ROBB: I think we might very well allow the item to go through. That will not prevent any manufacturer who wishes from going before the tariff board a little later.

Mr. CHAPLIN (Lincoln): The minister was asked a few minutes ago by the hon. member for South Oxford (Mr. Sutherland) why he proposed to put a duty upon engines for aeroplanes two years from now, the same duty he is taking off the engines in the present instance. Why is he encouraging the starting of an industry in the future when he is killing the industry that is already in existence?

Item agreed to.

[Mr. Manion.]

Customs tariff—453f. Iron or steel castings in the rough, not further finished than with the burrs removed, when imported by manufacturers of shotguns for use only in the manufacture of such articles in their own factories, under regulations prescribed by the Minister of Customs and Excese: British preferential tariff, 5 per cent; intermediate tariff, 7½ per cent; general tariff, 10 per cent.

Sir HENRY DRAYTON: What is the change here?

Mr. ROBB: There is no change. This is a new item. It is represented to us that a company proposes starting the manufacture of shotguns, and that owing to the limited consumption in Canada it would not be economical for the company to install the high priced machinery necessary to make certain castings.

Mr. CHAPLIN (Lincoln): How long are you going to keep the duty on?

Mr. KAISER: This item is one that has created curiosity from various points of view. In the first place it rather mystifies some people in regard to the attitude of this government, particularly towards industry. Here is an item having reference to shotguns, and a favour is conferred upon manufacturing concerns which have no existence whatever in Canada. I went to the trouble of searching through all kinds of business directories, and having failed to discover any such thing as a shotgun factory in Canada I asked the government whether they had discovered or knew of any such institution. The government replied that there were none. Now, the facts of the case are somewhat to this effect. The general duty on shotguns is thirty per cent, and here we have an item which reduces to ten per cent the tariff on the parts that enter into the manufacture of shotguns. If these parts came into Canada they would be admitted, I am told by the customs officials, at a rate of 27½ per cent and 25 per cent, but the government is reducing the duty to 10 per cent. This might be the right thing to do if we wanted to encourage the manufacture of firearms and shotguns in Canada, but an interesting anomaly presents itself: While this government is doing all it can to encourage the manufacture of firearms, a bill has been introduced into the Senate to reduce their use and to prevent people from carrying them around. There is no such thing as a shotgun factory in Canada, yet the government is arranging the tariff in such a way as to bring about the establishment of the industry in this country. And as to a successful Canadian industry which has shown itself capable in

every way of meeting the requirements of the country, the attitude of this government is that such industry must be destroyed. On the other hand the government says with respect to an industry that does not exist in Canada: We must start to build it up. I claim that this attitude on the part of the government is quite incomprehensible.

The CHAIRMAN: Order.

Mr. KAISER: I am speaking about the industries of the country, also about shotguns. The chances are that this kind of shotgun will be a double barrelled one, for this reason. With one barrel it is blowing up the ordinary duties in Canada, and with the other it is blowing up the British preference. The facts are that there were two concerns selling shotguns in Canada, one American and the other English. The guns of the English company were admitted to Canada at a rate of 20 per cent. The guns of the American firm were dutiable at 30 per cent, so the English company had a 10 per cent advantage over their American rival. However, the agents of the American shotgun firm, by some means or other, obtained the ear of the Canadian government and it is through their efforts, I understand, that the duties have been reduced. I am informed that the American firm has established, or is about to establish a branch factory at Farnham, in the province of Quebec. That is a good place to start manufacturing, there is no doubt about that. The point I am trying to make is this: while it may be all right for the Canadian governments to encourage the manufacture of goods in Canada, when these manufacturers become successful in attending to the needs of the country we should not, by reducing the tariff, destroy them and force their workmen to leave the country

With reference to the statement of my hon. friend from Rosetown (Mr. Evans), the idea of saying that they are selling their grain—

The CHAIRMAN: Order.

Mr. KAISER: —in the markets of the world—

The CHAIRMAN: Order. We cannot have a general discussion of tariff matters on this item; the hon. member is out of order.

Mr. KAISER: In regard to this world market, the only thing that is sold in the markets of the world is the surplus that is left over beyond the Canadian requirements. The same thing applies to manufactured goods. After we supply our own market it is the surplus that is sold. We are selling manufactured goods in the world markets, and we should encourage all our industries to develop to such an extent that they can supply our own wants and sell if possible in the world market. I do not think it is the intention of Canadians to frame a tariff in anticipation of the requirements of prospective industries, while destroying factories that have built up a successful business in Canada.

Mr. ROBB: I did not know until to-night that there was a controversy between British and United States manufacturers in this matter. I gather from the remarks of the hon. member for Ontario that this is put in to meet the wishes of some United States concern, who in some way got the ear of the government. I propose to be frank with the committee and tell them how they got the ear of the government. This item was put in at the request of a lobbyist who came to me from time to time, who camped on my door step for a month, on behalf of the General Motors of Oshawa. The same gentleman who made representations to me on behalf of the General Motors of Oshawa is the gentleman at whose request I have inserted the item. He did not tell me it was an English or a United States concern, but he said there was an industry prepared to open in Canada if we gave them a concession.

Mr. MANION: Was he speaking on behalf of General Motors?

Mr. KAISER: Oshawa has been a pioneer in the industrial development of this country. On very many occasions we have opened up industries, only to see them destroyed. I say that while we should encourage industries that are just starting we certainly should not try to destroy industries that already exist.

Item agreed to.

Customs tariff—460e. Belt and cap lamps and parts thereof to be used exclusively in a mine; parts of miners' safety lamps, n.o.p.: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. ROBB: Before any hon. member rises to protest against this item, hon. members will notice we are dropping from 20, 27 and 30, or 15, 25 and 27½, to free. I wish to say this item was put in at the request of the hon. member for York-Sunbury.

Mr. SUTHERLAND (South Oxford): Would the minister state that this lobbyist who has been around here is responsible for the change in the tariff in regard to equipment for electrical plants?

Item agreed to.

Customs tariff—469b. Machinery and apparatus and parts thereof for use only in producing unrefined oil or fertilizer from shales, not to include motive power of a class or kind made in Canada: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. ARMSTRONG (Lambton): Will the minister allow this to stand? This is an item dealing with the question of the production of crude oil, and I have a great many questions to ask.

Mr. ROBB: Very well.

Item stands.

Customs tariff—502d. Gun stocks and fore-ends for shot guns, of walnut in the rough, not further manufactured than bored and channelled, when imported by manufacturers of shot guns for use only in the manufacture of shot guns in their own factories: British preferential tariff, 10 per cent; intermediate tariff, 12½ per cent; general tariff, 15 per cent.

Item agreed to.

Customs tariff—590a. Aeroplanes and other aircraft and complete parts thereof, n.o.p., under regulations described by the Minister of Customs and Excise: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 27½ per cent.

Sir HENRY DRAYTON: What is the change there?

Mr. ROBB: The letters "n.o.p." are added, that is the only change.

Item agreed to.

Customs tariff—590c. Engines and complete parts thereof, when imported for use only in the equipment of aircraft: British preferential tariff, free; intermediate tariff, 7½ per cent; general tariff, 10 per cent.

On and after 1st July, 1928: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 27½ per cent.

Mr. CHAPLIN (Lincoln): I asked a question about that item a few minutes ago. Can the minister give me the information now?

Mr. ROBB: It has been represented to us there is a considerable demand developing for aircraft and that there is not a suitable engine made in Canada. Representatives from British Columbia, from Quebec, and one from Hamilton pointed out that the business of manufacturing aircraft was considerably hampered by the fact that they could not get a suitable engine in Canada, and they argued that we should give them this concession. We said we would let them have it until 1928.

Mr. CHAPLIN (Lincoln): This item says, "and complete parts thereof."

Mr. ROBB: That is, complete parts of the engine when imported for use only in the equipment of aircraft.

[Mr. D. Sutherland.]

Mr. BURY: What is the idea of adding that statement, "on and after 1st July, 1928?"

Mr. ROBB: They are free, 7½ and 10 per cent; on and after July, 1928, they will be 15, 25 and 27½ per cent.

Mr. BURY: Is it customary for governments to assume they will be in office at some future time?

Mr. ROBB: They claim they will be able to improve on the engine in Canada, and we think we should give them a reasonable time.

Mr. CHAPLIN (Lincoln): Perhaps hon. gentlemen think another government will be in power and this provision will then be more in line with their policy.

Mr. ROBB: I should not like to encourage the hon. member to believe that another government would be in power too soon.

Mr. SUTHERLAND (South Oxford): The minister stated there was considerable demand for aircraft. There is also a considerable demand for lighting machinery in regard to which we have just passed an item. The minister slashed that item. Now he believes there is going to be an inducement offered to go into the manufacture of aircraft engines. The attitude of the government is on record, and hon. gentlemen can rest assured that if the present government is in office no one will pay any attention to the item we are now considering, because they would at once slash the duty on engines.

Mr. ROBB: We are encouraging the building of aircraft in Canada. If we did not give them this protection they would not build them.

Mr. BROWN: What was the duty on these articles before?

Mr. ROBB: The duty was 27½ per cent, 25 per cent and 15 per cent.

Item agreed to.

Customs tariff—626a. Men's and boy's hats made of hatters' felt in the rough, not blocked or further finished, when imported by manufacturers of men's and boy's hats for use only in the manufacture of such hats in their own factories: British preferential tariff, 15 per cent; intermediate tariff, 20 per cent; general tariff, 25 per cent.

Mr. ROBB: I have an amendment to this item. As amended the item will read:

Customs tariff—626a. Men's and boy's hats made of wool, felt in the rough, not dyed, not blocked or further finished, when imported by manufacturers of

men's and boy's hats for use only in the manufacture of such hats in their own factories: British preferential tariff, 15 per cent; intermediate tariff, 20 per cent; general tariff, 25 per cent.

The present rate is 22½, 30 and 35 per cent. The reason for the proposed change is that the hat bodies are manufactured principally in Italy and other countries. The British manufacturer can import the hat bodies and further manufacture them and ship to Canada, where they can be imported under the preferential tariff at 20¼ per cent, while the Canadian manufacturer has to pay 30 to 35 per cent for his raw material, being at a disadvantage of 9¾ or 14¾ per cent with his finished hat. It places the manufacturer in a better position.

Sir HENRY DRAYTON: I have some recollection of the matter. The minister says it puts the manufacturer in a better position. That means some manufacturers are put in a better position and some in a worse position. The manufacture of these parts was going on in the country, but I observe a change has been made. It has been made to-night as I heard it read for the first time, and it would look as if the effect would be to help some manufacturers and to hurt others, but it is going to be changed in such a way as not to do the others much harm.

Mr. STEWART (Leeds): What will be the figures in the amendment?

Mr. ROBB: The same figures. I think this will provide for the industry my hon. friend has in mind.

Item agreed to.

Customs tariff—664b. Ethylene glycol, when imported by manufacturers of explosives, for use only in the manufacture of such articles in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. ROBB: The present rates are 17½, 17½ and 15. There is no separate classification of imports. Ethylene glycol is not manufactured in Canada and there is practically no possibility of that being done, as the consumption is not large and a plant to manufacture it would cost $500,000. It is imported for the manufacture of explosives.

Item agreed to.

Customs tariff—680a. Sponges of marine production: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 17½ per cent.

Sir HENRY DRAYTON: What is the change there?

Mr. ROBB: This is under the West India agreement. The tariff is reduced from 12½ per cent to free under the British preference.

Item agreed to.

Sir HENRY DRAYTON: I think we should adjourn now.

Mr. ROBB: Yes. I agreed to leave certain items for consideration when the leader of the opposition was here.

Mr. ARMSTRONG (Lambton): When may we expect to take these items up again?

Mr. ROBB: To-morrow.

Progress reported.

On motion of Mr. Mackenzie King, the House adjourned at 11.45 p.m.

Friday, May 21, 1926

The House met at three o'clock.

AUSTRALIAN TREATY

On the Orders of the Day:

Hon. J. W. EDWARDS (Frontenac-Addington): I desire to ask the Minister of Finance (Mr. Robb) if he has received any protests or complaints or other mainfestations of disapproval or displeasure from the Australian government in regard to the manner in which Canada is carrying out her part of the agreement with Australia.

Hon. J. A. ROBB (Minister of Finance): Yes.

Mr. EDWARDS (Frontenac): May I ask one further question? Do those complaints or protests relate to the application of the dumping clause regarding butter, or to what do they relate?

Mr. ROBB: Inquiry has been made as to the administration of that.

INQUIRY FOR RETURN

HUDSON BAY RAILWAY AND PORT NELSON

On the Orders of the Day:

Mr. G. B. NICHOLSON (East Algoma): May I ask the Minister of Railways (Mr. Dunning) when I may expect the return asked for by an order of the House passed on March 22nd, for correspondence relating to a possible purchase of the Hudson Bay railway?

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): The return may concern different departments. My impression is that so far as it relates to my own department it has gone forward, but I shall have the matter looked into.

LOCARNO TREATY

On the Orders of the Day:

Mr. PETER McGIBBON (Muskoka-Ontario): I would ask the Prime Minister, now that the session is drawing to a close, if he is willing to tell the House what attitude his government is going to take on the Locarno treaty.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The Locarno treaty does not became effective until after Germany has been admitted to the League of Nations. If we wait for another week or two to discuss the question at the regular time, I do not think the interests of any parties concerned will suffer. I may say to my hon. friend that it has been suggested that the subject of the Locarno agreement might properly come up for discussion when we are taking up the estimates relating to External Affairs, and I hope to bring on those estimates very shortly after we conclude with the budget resolutions.

Mr. McGIBBON: I understand that the next meeting of the league will not take place until next September. I hope the Prime Minister will not keep us here till then.

Mr. MACKENZIE KING: I am at one with my hon. friend in the hope that the session is drawing to a close.

WAYS AND MEANS

CUSTOMS TARIFF, 1907, AMENDMENT

The House in committee of Ways and Means, Mr. Duff in the chair.

Customs tariff—469b. Machinery and apparatus and parts thereof for use only in producing unrefined oil or fertilizer from shales, not to include motive power of a class or kind made in Canada: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. ROBB: The hon. member for East Lambton (Mr. Armstrong) expressed a desire to speak on this item. I am not sure whether any other hon. gentlemen wish to speak on it or not. I suggest that we might clear the slate, with the understanding that the hon. member can speak on another item.

Item stands.

DRAWBACKS

3. Resolved, that schedule B to the Customs tariff, 1907, as amended by chapter thirty-eight of the statutes of 1924, be further amended by striking thereout item 1031, the enumeration of goods, and the rate of drawback to the said item and to provide that the following items, enumerations and rates of drawback of customs duties be inserted in said schedule B:—

Customs tariff—1050. Sugar, when used in the manufacture of loganberry wine. Provided that drawback shall not be payable in respect of any raw sugar produced in a British country—payable as drawback 99 per cent.

[Mr. Dunning.]

Sir HENRY DRAYTON: What is the change there?

Mr. ROBB: It is a new item to permit the use of sugar in the manufacture of loganberry wine.

Sir HENRY DRAYTON: Is that a new industry?

Mr. ROBB: It is not a new industry, but they claim they have not been given the same privileges as the other wine-makers throughout Canada. This places them in the same position as the others.

Mr. ROGERS: Is there anything else in the loganberry wine except sugar?

Mr. ROBB: You will have to ask somebody from British Columbia.

Mr. STEVENS: Yes, the finest berries in the world.

Mr. SPENCER: On account of the noise in the chamber it is impossible for us in this section of the House to hear anything that is being said.

The CHAIRMAN: The hon. members will have to refrain from talking.

Item agreed to.

Customs tariff—1051. Artificial silk tops and waste or artificial fibre silk tops and waste enumerated in tariff item 583A, when further manufactured after the 31st day of December, 1925, and prior to the 1st day of January, 1928—payable as drawback 80 per cent.

Sir HENRY DRAYTON: What is the change here?

Mr. ROBB: This is extending the privilege they have had for some years for the further period of two years only. The article is not made in Canada. It is used in Canadian mills for making wool.

Mr. GARLAND (Bow River): I have not heard one word the minister has uttered.

Mr. ROBB: I will speak more loudly.

Mr. GARLAND (Bow River): If it is impossible for the minister to make himself heard where he is sitting, perhaps the Minister of National Defence will permit him to take his seat, and then we might all hear.

Mr. CHAPLIN (Lincoln): This item is under tariff number 583A. I understand this matter was dealt with during the last several sessions of parliament. The article mentioned herein, in regard to which this item is submitted, is now being manufactured at Cornwall, and yet the minister wants to extend this provision for a longer period. Is that the wish of the people who originally had this item put on the statute book?

Mr. ROBB: The people to whom this was originally given have been consulted, and they offered no objection to this extension. My hon. friend will observe that it refers to waste, and they have not made any of this waste yet.

Mr. CHAPLIN (Lincoln): This item is to be taken into consideration along with the other item. Just as soon as they begin to manufacture they will have waste. They started to manufacture only a few months before the first of January, and they could not be expected to have waste. If we change that item now, what becomes of them during the next six months or a year?

Mr. ROBB: It is extended for two years only and it has been represented that the people interested have no objection.

Mr. TOLMIE: Reverting to item 1050, in connection with loganberry wine, is the condition in that item, with reference to sugar produced in British countries, the same as that which applies to grape wine?

Mr. ROBB: The same condition.

Item agreed to.

Customs tariff—1052. Artificial silk yarns or filaments enumerated in tariff item 583aa, imported prior to the 1st day of January, 1926, when further manufactured prior to the 1st day of January 1927—payable as drawback 80 per cent.

Mr. ROBB: This is to permit them to use the stock on hand on the 1st of January, in order to give them a year to clean up.

Item agreed to.

Customs tariff—1053. Cellulose acetate in powdered form imported after the thirtieth day of April, 1927, and prior to the first day of November, 1927, when imported by manufacturers and further manufactured in their own factories before the first day of December, 1927—payable as drawback 99 per cent.

Mr. ROBB: This is for a new industry, a very large one, which it is proposed to establish at Drummondville, and this is given them for a six months' period until they get started.

Mr. MANION: Are there any other industries of this kind in Canada.

Mr. ROBB: No, it is a new industry. It is represented to us that it is different from any of the other industries.

Mr. CHAPLIN (Lincoln): What is the difference between this industry and the one established at Cornwall? They are both manufacturing artificial silk are they not; both products are made by practically the same process, out of pulp, and both in exactly the same way, or as nearly as possible in the same way.

Mr. ROBB: It has been represented to us by the promoters that in many respects they are different products.

Mr. CHAPLIN (Lincoln): What do the gentlemen who are not the promoters but are the beneficiaries under the last tariff say with regard to it?

Mr. ROBB: I am interested in getting new industries in the country. It is represented that this concern will make a capital investment of $10,000,000.

Mr. CHAPLIN (Lincoln): Is the minister not at all interested in keeping faith with the gentlemen with whom he made arrangement a year ago? The minister made an arrangement a year ago with another firm already established, and now by this tariff he takes off this duty—

Mr. ROBB: No.

Mr. CHAPLIN (Lincoln): —by permitting this cellulose acetate to be brought in. This acetate is the basis of artificial silk. The cost of cellulose acetate is 75 per cent of the cost of artificial silk.

Mr. ROBB: My hon. friend will observe that this is only for a period of six months. The department has had no objection from the other industries which have been established.

Mr. STEVENS: Is it not true that, in the case of the industry established in Cornwall, the permission to import or to secure the drawback on cellulose acetate was extended until they had installed the necessary plant and machinery to make their own cellulose acetate; that in the period so fixed in previous legislation they expended the capital, put in their own plant and are now successfully making cellulose acetate? The minister extends this privilege to a sister concern, a new concern, as he says, but does he not realize the injustice he is doing to the concern established a couple of years ago which acted in perfectly good faith?

Mr. ROBB: No. The business is so large that the older concern is not able to supply the requirements of the industry. I repeat that they have no objections.

Mr. STEVENS: Is it intended to limit this strictly to six months?

Mr. ROBB: That is what the item says.

Mr. CHAPLIN (Lincoln): The minister says that they have no objections. Has he had any correspondence with that company?

Mr. ROBB: I have had correspondence, but they have offered no serious objections.

Mr. CHAPLIN (Lincoln): The minister uses the word "serious" now. Will he read some of the correspondence so as to let us see whether the objection is serious or not? The minister said a moment ago that he had no objection from this company upon whom this duty was levied in this country. Now he tells us that there is no serious objection. It is only fair that the minister who has had correspondence with these people should place it before the House so that we may know whether the objection is serious or not.

The CHAIRMAN: Shall the item carry?

Mr. CHAPLIN (Lincoln): No. Surely the minister is going to make some statement in reference to the matter. What does he mean by "serious"? Is he serious himself? It is only fair to the committee that he should put on record the letter showing whether there are any objections or not. The truth of the matter is that this House imposed a duty on an article so that a firm might make it in this country. That duty came into effect on the first January of this year and this firm has had three months and fifteen days of protection. Now the bars are let down for another company. It does not make any difference whether this other company is large or small, the arrangement was made; it was on the faith of the government that this company, one of the best in the world, came here from England. They have established themselves in this country on the basis laid down by this government, on the promise of a duty, and this government left them with three months and fifteen days of that protection. Now they have practically taken it off in favour of another company.

Mr. ROBB: If my hon. friend moves to have the correspondence brought down there will be no objection whatever. I repeat: This is only for a period of six months in order that this company may establish itself. It represents to us that the product is not the same; but even if we admit for a moment that the product is the same, does my hon. friend argue that for all time Canada is going to give a monopoly to one industry?

Mr. CHAPLIN (Lincoln): I never argued any such thing. I say that when a duty is imposed on an article, anyone can come in and take advantage of the duty the same as anyone else. What right has the minister to take the protection away from one firm and give another the benefit of it? That is what is being done by this measure.

[Mr. Robb.]

Mr. ROBB: We are giving this only for a period of six months and we are giving to this concern concessions similar to those given to the other.

Mr. CHAPLIN (Lincoln): But the minister made an arrangement with another firm that the duty would come into effect on a certain day. Instead of carrying out that arrangement, the minister says that they are doing this only for six months. In other words the minister says that the government are justified in breaking their word for six months.

Mr. STEWART (Argenteuil): Has my hon. friend in his possession correspondence from the company complaining in this regard?

Mr. CHAPLIN (Lincoln): The company did not correspond with me. The minister has the correspondence.

Mr. STEWART (Argenteuil): Is the hon. member speaking on behalf of the company? He seems to be very much exercised over the matter.

Mr. CHAPLIN (Lincoln): I am exercised because of the silk industry being established in my own city. I know of the circumstances and of the arrangement that was made. I was a member of this House when the legislation was put through and I took part in the debate that occurred at that time. When this company was being organized, when it came before the House to have the duty fixed, the late Minister of Finance said certain things about it. When he was talking about this very duty he made use of these words which are taken from Hansard of 1923, page 2648:

> There is a thought which does not receive as much consideration as I think sometimes it should be given in public discussions, and that is the desirability of something like tariff stability. Business men do not like to be always threatened with changes in the tariff. . . . Speaking broadly, it is possible to give the country a reasonable assurance of stability in tariff. Such assurances are very desirable, for no business man would care to enter upon enterprises which may be brought into peril by frequent tariff changes.

He goes on further to say:

> The tariff as it will be when the changes proposed to-day come into effect will be a moderate tariff and probably as low as the country can afford to have under present conditions. Of course we cannot expect that it will be satisfactory to everybory. It will not meet the desires of those who would rigidly apply the principles of free trade. It will not meet the wish of the advocates of high protection. After all life is largely made up of compromises. In the realm of political affairs orderly government can be possible only where a spirit of compromise exists.

When Mr. Fielding proposed to place a tariff on these products the gentlemen who were anxious to start this business came here from the Old Country and interviewed the minister. They came to an arrangement that was satisfactory to the British people who wanted to establish this industry. When the duties were brought down in the budget they did not quite meet the Englishmen's ideas of what was wanted and they refused to accept them. They went off to New York and somebody called them back. Finally a change in the tariff was made by means of changes in the resolutions. That is all a matter of record. The first duty was: British preferential tariff, 5 per cent; intermediate tariff, 7½ per cent; general tariff, 10 per cent; but the change was made and they were increased to meet the Englishmen's wishes to: British preferential tariff, 12½ per cent; intermediate tariff, 17½ per cent; and general tariff, 17½ per cent. When the matter was before the House I asked this question of the minister as reported in Hansard of 1923, volume 4, page 3489:

Is it the intention that this duty shall become effective at once or after the yarn is made here?

Mr. Fielding's answer was:

Yes, but there will be a drawback up to the first of July, 1924. In the meantime, there will be drawbacks, but those who are obliged to get this from other sources will be able to do so.

Mr. Chaplin: In other words, until the factory is here ready to make the goods?

Mr. Fielding: Until sufficient time at which it is expected the factory will be in operation, yes.

At page 3491 the matter came up again and I asked this question:

I would like to inquire from the minister what the determining factor is in arriving at the 60 per cent drawback on artificial silk yarn. Why 60 per cent?

Mr. Fielding's answer was:

These are all matters of fair adjustment. I do not know that I can lay down any absolute principle to govern all matters of drawback. They vary.

As a result of that and some further discussion, the present Minister of Finance, a day or two following, himself proposed that the drawback should be made 80 per cent. And that was agreed to. Later on when the firm got into production they of their own accord requested that the drawback time be extended for a year for the reason that they had not been able to get their plant going and did not wish, until it was running at full capacity, to injure anyone else. Until that time they wanted any user of the product to be allowed to import it on the full rebate.

Mr. ROBB: They take the same attitude to-day.

Mr. CHAPLIN (Lincoln): They take the same attitude to-day? How do we know that? Why should the minister refuse to put the correspondence on the table and let us see for ourselves? For my part I do not agree with the minister at all that they take the same attitude. However, the result was that the time was extended and the duty was to take effect on January 1 last. With these budget resolutions now before us, however, we find that these people have had only three months and fifteen days of protection. Another firm comes along and the minister says, "Oh, well, we have somebody big to attend to now. We have to help them." Why should the minister help someone else at the expense of the people who are already here and with whom he has made an arrangement? The thing is absurd; it is unreasonable; and it is eminently unjust. It is something that is not at all creditable to the minister.

Mr. ROBB: My hon. friend apparently has not read the resolution. He says that they have had only three months' protection. If he reads the resolution he will observe that its provisions will begin to take effect only on April 30, 1927, and will continue in force until November, 1927. Now I confess at once, after listening to my hon. friend, that I have some doubts as to whether he represents the views of this company or not. If he does, then the representative of the Manufacturers' Association in Ottawa, who called upon the minister, has misrepresented the situation, for he said to me that these people offered no objection and did not regard the change as serious.

Mr. CHAPLIN (Lincoln): This is my answer to that statement: I do not see why the minister should want to hold someone else responsible now. Why should he drag somebody else into the proposition? That is very much in line with his statement last night, which in my opinion was very much beside the point, to the effect that another gentleman had camped on his doorstep on behalf of some other firm. It seems to me the Minister would do well to leave out such irrelevancies, especially as I understand that he has had correspondence with these people. If he has had such correspondence in reference to this matter, why should he not put it on the table?

Mr. ROBB: The correspondence of the Department of Finance is not carried around by the minister or anybody else. If the hon. member moves for a return I will table it.

Mr. CHAPLIN (Lincoln): I will ask the minister to allow the matter to stand for the time being until the correspondence is tabled.

Mr. ROBB: No; I cannot let it stand.

Mr. MANION: I confess I am at a loss to imagine why the minister should refuse the request of the hon. member for Lincoln that this matter be allowed to stand pending the return of the correspondence. If the minister is acting in good faith, as I beileve he is, I see no reason why he should object to bringing down the correspondence before the item is disposed of, in view of the fact that the hon. member makes rather serious charges against him.

Mr. ROBB: My reason for not holding over the item is the fact that this House comprises 245 members and the hon. member for Lincoln is only one individual. I do not propose to hold up the rest of the House on his account.

Mr. MANION: Let me point out to the minister that the hon. member for Lincoln is one of 116 members sitting around him, the vast majority of whom most probably share his views. He is therefore not alone in this matter. Apparently, if we are to draw any conclusion from this incident, it is this—that the Minister of Finance will enter into an agreement with some corporation from England to establish an industry in this country and, having given them a solemn undertaking to protect them for a certain length of time, he will go back on his word after a very brief interval. In other words, the government again break faith with those to whom they have pledged themselves to carry out some undertaking.

Mr. DUNNING: That is not so.

Mr. MANION: Who says it is not so?

Mr. DUNNING: Read the resolution.

Mr. MANION: I know quite well what the resolution contains. But does it make any difference that there is a slight change in the time specified in the resolution? The fact is that the minister is violating his agreement.

Mr. ROBB: The representative of the Manufacturers' Association has said that the company offers no objection.

Mr. MANION: But the representative of that association is not the representative of the company, and it is the company with whom the minister dealt.

Mr. ROBB: Does my hon. friend speak for the company?

[Mr. Robb.]

Mr. MANION: No; nor do I know the company at all. But I have heard this discussion, and I have heard the member for Lincoln make a statement which the minister so far has not denied, that an agreement was entered into with the company to give them protection until they were well established. And now the minister comes along, when another company comes on the scene, and proposes to ignore his agreement, in order that this other company may be established in Quebec. That is the situation as it is represented to the minister now.

Mr. ROBB: Is my hon. friend opposed to industries being established in Quebec?

Mr. MANION: No; I am as good a friend of Quebec as the minister is. The minister will not question that. I have never had anything against Quebec. I do believe, however, in living up to one's agreements; I believe in keeping faith with the industries of Ontario as well as with those of Quebec. Now, are we to draw the conclusion from the minister's attitude in this matter that no corporation that proposes to set up in this country may place confidence in this government for any longer period than three and a half months? Are we to assume that in so short a time this government will set aside an agreement it makes with such a corporation for the reason that some other firm wishes to establish an industry? It does not seem to me that we shall attract many capitalists if we pursue such a policy.

Mr. ROBB: Before the item passes I want to clear up this matter. We never agreed with any company. Neither this government nor the preceding nor any other government ever undertook to give the company a monopoly of business for all time, and the company recognize this fact, because through the representative of the Manufacturers' Association they have said that they offer no objection to the item. I want to know now whether my hon. friend from Lincoln and my hon. friend (Mr. Manion) are speaking on behalf of the company?

Mr. MANION: I cannot speak for the hon. member for Lincoln, but I have already told the minister that I do not even know the name of the company. But I have heard the matter discussed this afternoon and I heard the hon. member for Lincoln make a reasonable request, that the minister allow the item to stand over until to-night and table the correspondence in the meantime. Why cannot the minister let the item stand? We

shall not get through these resolutions tonight, and to my mind the minister is taking a very unreasonable and unfair stand in this matter.

Mr. CHAPLIN (Lincoln): The minister again implies that I am acting for the company. Let me assure him, as I have already done, that I am not doing anything of the kind. I am saying, however—I have said it many times before—that in my opinion the minister is not treating these people fairly. He wants to know whether they have complained to me. No. But I understand that they complained to the minister. Now, the minister says the matter is not serious. Well, if that be so why can he not table the correspondence and let us see for ourselves just what it says?

Mr. LAPOINTE: Even if they do complain, why should parliament be deprived of the right to change the tariff in any matter?

Mr. MANION: Parliament is not being deprived of any right, but we are simply asking that the correspondence be brought down.

Mr. LAPOINTE: In regard to tariff matters the House of Commons is supreme.

Mr. CHAPLIN (Lincoln): Undoubtedly. Parliament is supreme, and the minister is getting his cue from the hon. gentleman alongside him when he makes that statement. But is there a government at all?

Mr. LAPOINTE: Yes.

Mr. CHAPLIN (Lincoln): And does that government make an agreement and then break it in six months? That is what you have done and what you evidently will continue to do.

Mr. LAPOINTE: Governments cannot make agreements on tariff matters.

Sir HENRY DRAYTON: The minister on reflection will, I think, postpone consideration of the item. I fancy he will make headway if he does so. We know nothing of the matter, having had no information regarding it until we came into the House. The minister knows that after some difficulty—I will not expatiate on that point—the member for Lincoln discovered that objections had been made, and he finds now that there has been correspondence on the subject. He wants to have that correspondence brought down, and the minister is willing to bring it down but he proposes to do so at a time when the correspondence can do not the slightest good. The Minister of Justice (Mr. Lapointe) gets very wrathy and declares that parliament is supreme. Who is questioning that fact? Who is challenging the right of parliament in any respect? But may I suggest to the Minister of Justice that we on this side constitute a part of parliament and that we too have some rights? We have got at least 116 out of 245, and we propose to exercise those rights. And we are justified in doing so. Now, the only way that parliament—this supreme body—can handle this matter intelligently surely is with the evidence before it. The minister says he has the correspondence and that we can have it after this is all settled. I wonder if the Minister of Justice—

Mr. LAPOINTE: Whether this company likes it or not, in what way does it affect the merits of the proposal?

Sir HENRY DRAYTON: We might, for example, Mr. Chairman, know for the first time something about the reasons which are actuating any tariff change; we might, for example, know whether there were any real reasons against it; we might, for example, get to know whether the government are acting on sound reason or without any reason at all. So far as I am concerned, I have absolutely nothing against this item. I am frank to say I know nothing about it. But I do think, Mr. Chairman, we will make better headway if when a request which does seem to me reasonable, a request which flows from what the minister himself says, that he has this correspondence, is not lightly turned down. Apparently, from what the minister says, there are some objections to the legislation. I wonder if the Minister of Justice thinks we ought to decide the question without knowing anything about the objections, without knowing anything about the merits. There is no doubt as to what these people want. It is a question of the merits they show in their correspondence, that is all. Is not the House entitled to consider the merits one way or the other; and how can they do so without having the facts before them? As I say, I know nothing about this item, but, it does seem to me we will get better results if we deal frankly with each other, and if these objections, whether good or bad, be made known to the House before the House acts.

Mr. KAISER: The Minister of Justice says that parliament is supreme in these tariff matters; but yesterday when a motion was proposed by the hon. member for South Oxford (Mr. Sutherland) to raise the tariff on meats to five cents, the Chair ruled that parliament had nothing to do with it, that it was the discretion of the government alone.

The CHAIRMAN: The hon. gentleman is mistaken; that was not the reason at all.

Mr. CAHAN: Mr. Chairman, so far as this industry is concerned which is to be established in the province of Quebec, I am naturally desirous of giving every advantage to it or to any other new industry which may be established in that province or in any other province. But the only reason which we have so far before the House for the passing of the item in its present form is that some representative of the Canadian Manufacturers' Association, orally or in writing, stated to the Minister of Finance that there is no reasonable objection to it. Now, I for one, although a Conservative and a protectionist, absolutely refuse, even if the Minister of Finance is willing to do so, to put my conscience and my judgment in the keeping of any representative of the Manufacturers' Association.

Mr. LAPOINTE: I agree with that.

Mr. CAHAN: I think we are entitled to know if there is any serious objeetion. The minister admits that there is objection, but in his mind it is not serious. Now, many objections have been presented in argument before this House which the minister does not regard as serious—

Mr. ROBB: Hear, hear.

Mr. CAHAN: —but which we regard as very vital, material, relevant and important. Therefore I suggest that in keeping with the usual courtesy of the minister it will assist in passing those items as expeditiously as possible if he does lay before the House the information which he has. The Minister of Justice suggests that there is no ground for inviting the presentation of this correspondence to the House because it does not matter what protest has been made, it will not influence the opinion and judgment of the government. Now I am sure the Minister of Justice does not intend to go that far. He is certainly one of the most courteous of ministers, and he is always more courteous than his suggestion would indicate. I am sure he really does not mean that.

Mr. LAPOINTE: A moment of weakness.

Mr. CAHAN: Having knowledge of the objection, the minister does not regard it as very serious or very relevant; but as the question has been raised with regard to its seriousness and relevancy, why not allow the members of this House to judge for themselves, to have the actual facts presented by the correspondence?

[Mr. Kaiser.]

Mr. ROBB: I observe that the hon. member for East Lambton (Mr. Armstrong) is now in his seat and I am prepared to take up item 469b—in view of the very great courtesy with which the hon. member for Lincoln has asked for this.

Mr. CHAPLIN (Lincoln): Mr. Chairman, I have to thank the minister very heartily for his consideration.

Item stands.

Customs tariff—469b. Machinery and apparatus and parts thereof for use only in producing unrefined oil or fertilizer from shales, not to include motive power of a class or kind made in Canada: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. ARMSTRONG (Lambton): Mr. Chairman, I appreciate the courtesy which the minister has extended to me in allowing me the few minutes' grace necessary to bring up this matter. The industry which I am speaking for is located in my riding and over $3,000,000 has been invested in it. Thousands of people in the town and adjacent villages are vitally interested in this industry. In the first place, let me say that I have no objection whatever to the item as it stands. I am merely bringing up the subject at this point, this being the only item in which crude petroleum is mentioned. The minister supported the Hon. Mr. Fielding in 1923 in removing the bounty on crude petroleum. At that time there was a bounty of a cent and a half per gallon. This bounty was to offset the removal of the protective tariff. The minister is well aware that every bit of casing, pumps, tubing, rods, valves, and tools of all kinds used in the oil industry have either to be purchased from a protected industry in Canada, or, if that material is brought in from the United States, a duty of from 27½ per cent to 30 per cent has to be paid thereon, in addition to sales tax of five per cent, all of which goes into the treasury of this country. So it will readily be seen that it is impossible for the producers to carry on under present conditions, if they have to buy their supplies from industries in this country protected to that extent. The minister has been told this a number of times; delegations have come to Ottawa and placed this matter before him and he has been urged in the strongest possible terms to give some relief to this industry. Last session there was placed before the minister the report of an investigation made by Mr. Hume of the Geological Survey, which showed conclusively that the industry could not carry on under present conditions. I will

admit that a great many properties are continuing to operate, but I do not know of one being carried on at a profit. I can safely say that practically every property in that western district is being carried on at a loss, owing to the conditions I have stated.

The minister was urged last year to make an investigation, and he was good enough to do so. He sent his expert, Mr. Russell, who is now before him, to investigate that industry. Mr. Russell spent a considerable time there and, as we thought, made a very fair investigation. He was given every opportunity to investigate every part of the industry; he had statements placed before him of the operation of a number of the large producing companies; they showed their books to him, gave him financial statements, and placed before him conclusive evidence showing that they could not possibly carry on without some form of protection or bounty, or the removal of at least the duty on supplies which they purchase from protected industries. I understand that Mr. Russell made a report upon his return to Ottawa, as was natural. I have asked for that report, which I think is a reasonable request, but unfortunately the minister has not seen fit to bring it down. I am satisfied that if it were placed before parliament it would be seen that Mr. Russell has come to the same conclusion as Mr. Hume, that this industry could not possibly carry on.

I received a letter from the minister a day or so ago asking why the production of crude oil in Canada had materially increased since the reduction of this bounty. I can answer that in this way, that so far as the old districts are concerned the production has decreased. But two or three years ago an important well was drilled by the Imperial Oil Company in the northwest, and that well is responsible for all the extra oil worth mentioning that has been produced in this country. Millions of dollars were spent by the Imperial Oil Company before that well was brought in, and millions of dollars have since been spent by that company and others in trying to bring in another such well. That well is not producing what we call crude oil, but it is oil of a more refined nature, and I am informed that it can be taken from the well and placed right in the motor, while the crude oil produced elsewhere has to be further refined.

These are just some of the things I would like to place before the minister, and I would like to urge that this industry be given some relief. I do not wish to take up the time of the House in going into further details, but I sincerely hope the minister has come to some definite conclusion in regard to this matter. I looked upon the minister as a fair minded man in years past, when I had the privilege of sitting in the House with him, and I cannot believe that he will continue to keep the producers of crude oil in western Ontario in their present position. I tell him frankly that unless some immediate assistance is given that industry, inside of twelve months it will be in a very much worse condition than it is to-day.

Mr. MacLAREN: This item deals with the duty on special machinery connected with the production of oil from shale and the production of fertilizer from oil bear-

4 p.m.

ing-shale. This is a new industry in Canada; at present no such operations are being conducted in a commercial way, and the necessary machinery for this work is not made in Canada. This is therefore an instance where it seems proper that the tariff should allow this expensive and special machinery to be brought into Canada without duty. It will not interfere with any firm or firms making this machinery in Canada, because this machinery is not made here. I therefore take this opportunity of approving of the item, because I hope it will lead to the establishment in Canada of these industries, and because it does not interfere, as I have already said, with any manufacturers in Canada who make this special apparatus. So much for that.

I should also like to say a word in reference to the bounty on oil. There was a bounty granted by parliament for a number of years, but two or three years ago it was removed by the previous Minister of Finance. His reason was that there were immediate prospects of there being a large discovery of oil in the northwest of Canada, which, should it occur, would involve the payment of a very heavy sum of money by way of bounty to the owners of these oil wells. At the time it was pointed out in this House that that was a premature decision. While we hoped that the oil would be found, actually it was not found, and it has not been found up to to-day in large quantities. It was also pressed on the minister that the amount of bounty to be paid might be safeguarded by limiting payments to a certain amount of production, to a certain number of barrels from any particular well in a certain time. That would have safeguarded against any great expenditure of the funds of the country. However, that view did not prevail, and with two years' notice the bounty was removed. I would again take this opportunity of stating that I think the bounty was removed prematurely. Actually the oil

wells that we have in Canada to-day are not remunerative; they require further development. The oil wells in the county of Albert, for instance, at the present time are just able to carry on; I do not think they pay a dividend to the shareholders at the present time.

My observations, therefore, Mr. Chairman, on this matter are that I am glad to have the opportunity of approving of this item because it gives an opportunity for the further development of a new industry which I trust will prove a profitable one. Secondly, I hope that the matter of bounty on oil production in Canada, properly safeguarded, will still remain in the memory of the Minister of Finance, and that he may see his way to restore the bounty for a certain period.

Mr. ARMSTRONG (Lambton): May I ask the minister to consider this question, if he does not care to give his decision to-day, and to take into consideration the fact mentioned by the hon. member who has just taken his seat to the effect that the payment of the bounty might be limited to a certain number of barrels per day, say five barrels, or less. In that way the treasury would be safeguarded, no undue advantage could be taken of the bounty, and in addition, the industry could be carried on in a reasonable way.

Mr. ROBB: I will do the hon. gentlemen who have just spoken the credit of saying that this is not the first time they have represented to me that there should be a bounty for this industry. They understand that while their duty towards their particular districts is to urge the payment of bounties to help along local industries, my duty is to safeguard the treasury; I must look upon the whole of Canada, and see how it is going to affect the Dominion as a whole. I understand that there is no opposition whatever to the item under consideration, but that hon. gentlemen have taken advantage of this opportunity to present once more to the government the views they have presented so ably and so frequently to the minister in his office regarding the bounty. I gather from the observations of my hon. friend from East Lambton that the oil wells in that district are handicapped to a certain extent because they have to buy supplies in a protected market. We had that matter very carefully looked into. Those industries are located in the oil district near Petrolia—

Mr. ARMSTRONG (Lambton): No.

[Mr. MacLaren.]

Mr. ROBB: Well, to a degree; not all perhaps, and they rather objected to us taking away the protection which they now enjoy. We have had representations made to us by hon. gentlemen in other parts of the country where they dig the wells very deep that the casings and certain of the pipes required for these deep wells are not obtainable in Canada. They say that they have obtained these pipes and casings from some of the industries in Canada that are protected, but that they do not stand up under the pressure when they go down to great depth, and we have been urged to reduce the duty and make some concessions in order to allow these pipes and casings to come in. Let me say to hon. gentlemen opposite that I have had these representations presented to me not only from gentlemen on this side, supporters of the government, but from some hon. gentlemen opposite, who have said to us that we might make some concession by way of tariff reductions on certain casings required for the oil industry. I make this statement now so that the industries in Canada which enjoy the protection might at least attempt to improve the quality of their goods. I think it is reasonable, if they get the protection, that they should at least be in a position to supply the goods that are required by the trade. It is true that in the older sections the flow of the oil wells has somewhat diminished, but in other sections it has increased, and my predecessor, the Right Hon. Mr. Fielding, having in mind the advertisements we were reading of the great possibilities of developing gushers overnight, with a great flow of oil, and the danger of the bounty on these gushers bankrupting the treasury, gave notice that the bounty, which had prevailed in Canada for many years, since 1903 or 1904, I think, would be 1½ cents a gallon up to the 30th of June, 1924, and then be reduced to three-quarters of a cent a gallon up to the 30th of June, 1925, when it would be discontinued. Now it is remarkable that while the bounty was on, the flow of oil decreased rather than increased, and as soon as the bounty was taken off, the production of crude oil increased.

Mr. RYCKMAN: Is that due to the government?

Mr. ROBB: Well, there was greater production. I have not the figures for many years back, but the total production of crude petroleum in Canada in 1922 was 179,068 barrels; 1923, 170,169 barrels; 1924, 160,773 barrels. During that period we were paying the bounty, also during the six months end-

ing June 30, 1925, for which six months the production was 80,970 barrels. Then, for the following six months, after the bounty had ceased, from the 1st of July to the 31st of December the production, which in the previous six months had been 80,970 barrels, increased without the bounty to 237,283 barrels. With these figures before us I ask hon. gentlemen opposite, I appeal to my genial friend the former Minister of Finance, would we have been justified in going back to the bounty system?

Mr. ARMSTRONG (Lambton): I know the minister is well aware of the reason for that increase; he knows quite well that it is due to that one well of which I spoke a few minutes ago, which has been producing four hundred or five hundred barrels of oil a day. It is folly, in a way, to attribute the increase to the reduction of the bounty.

Mr. ROBB: I did not attribute it to the reduction of the bounty.

Mr. ARMSTRONG (Lambton): The minister has tried to lead the House to believe that since the bounty was removed the increase had been brought about. I cannot possibly see why the minister persists in compelling this industry to continue to purchase its supplies from protected industries in Canada, and expect them to compete with the tremendous production in the United States. He must realize that in the United States the flush production to-day amounts to over two million barrels a day, and this average has been maintained for the past year. The minister must also remember that in the United States, with their flush production, they have no such thing as a sales tax and no such thing as a duty on the materials they have to purchase. How, then, can he expect this industry to carry on under these conditions? The minister has removed the duty on the larger casings and supplies used in the large wells in the northwest, so why does he not remove the duty on the tubing and supplies used in the eastern territory? That is surely a fair and reasonable request. Let me repeat. The minister has removed the duty on the large casings and supplies coming into Canada for use in the northwest territory, while the small tubing and supplies used in the east are still under a duty of from 27½ per cent to 30 per cent, with the sales tax added. Surely it is not fair to the men in the old territory to expect them to carry on under such conditions. Might I ask the minister whether or not he has considered this phase of the question?

Mr. ROBB: I can assure my hon. friend now that I will look very carefully into this part of his observations. He understands, of course, that tariff changes require some time to consider. I think my hon. friend is on fair ground when he attacks the imposition of the sales tax, and I will have to look into that very carefully as to how it may be administered and restricted to this particular industry. I will take the matter under consideration.

Mr. ARMSTRONG (Lambton): I am very much indebted to the minister; I am sure Mr. Russell will bear me out in the statements I have made.

Item agreed to.

Customs tariff—438. Locomotives and motor cars for railways and tramways: British preferential tariff, 22½ per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Sir HENRY DRAYTON: There is no change at all, is there?

Mr. ROBB: There is no change in the rate.

I beg to move that item 438 be amended to read as follows:

Locomotives and motor cars for railways and tramways, and chassis, tops, wheels and bodies for same.

Sir HENRY DRAYTON: That really means parts for railway motor cars?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: What is the change for?

Mr. ROBB: For administrative purposes to cover chassis, tops, wheels and bodies.

Sir HENRY DRAYTON: In the past what rate has been given to those parts?

Mr. ROBB: The same as appears now.

Sir HENRY DRAYTON: There is absolutely no change?

Mr. ROBB: No change.

Item as amended agreed to.

Customs tariff—438a. Automobiles and motor vehicles of all kinds, n.o.p.: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 27½ per cent.

Mr. ROBB: I beg to move that the following be substituted for 438a:

Automobiles and motor vehicles of all kinds, n.o.p., and chassis for same.

Sir HENRY DRAYTON: Mr. Chairman, this is one of the items we have heard a great deal about. My hon. friend now has the opportunity—which I think the right

hon. Prime Minister sighed for—of producing the expert and furnishing information as to the exact manner in which this reduction was arrived at. Will my hon. friend now give the details that the Prime Minister said he had?

Mr. ROBB: As we get into the details I shall be very glad to give my hon. friend the information. In the first place let me give him the run of the business. For the fiscal year ending March 31, 1925, the total importation of cars amounted to a value of $8,726,714. Of this total, cars of an estimated value of $1,000 each and under accounted for $1,731,340, while cars of an estimated value in excess of $1,000 each accounted for the balance of $6,995,374. Of passenger automobiles made in Canada on which excise tax was paid during the fiscal year ending March 31, 1925, there were 58,547 cars of a value of $1,200 each and under, valued at $35,047,097, and 6,205 cars of more than $1,200 each, valued at $10,308,230.

Sir HENRY DRAYTON: What was paid under the different luxury taxes, sales tax and the like?

Mr. ROBB: I am not sure that I have that information at hand just now, but my hon. friend will recall that besides the duty and the 5 per cent sales tax, on cars of $1,200 and under the excise tax is 5 per cent, and that on cars costing $1,200 and over it is 10 per cent.

Sir HENRY DRAYTON: The luxury tax over and above the sales tax?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: I have no doubt the minister will proceed and give me the information which shows the manner in which this reduction was arrived at.

Mr. ROBB: The reduction in duty?

Sir HENRY DRAYTON: Yes.

Mr. ROBB: It was estimated on the basis of the experience we have had in the department. My hon. friend knows that 47 per cent of the automobile business in Canada last year was an export business, and we can check that up fairly well by the refunds we have to make when the machine is exported. We give them a refund of 99 per cent, and from what we make the calculation arriving generally at the cost of the machine and the general production in Canada. My hon. friend knows that in the automobile business, as well as in the liquor business, cigarette business, the silk business, and some other businesses, the high duties have made it profitable for smugglers. There was an expression of opinion in this House a year ago, and I am bound to admit that I opposed it, although I thought at the time I was wrong. I happen to live in a county where I could observe the smuggling and could hear the complaints of my neighbours of the dangers along the road from the smuggler, who drives along rapidly, with no regard for the farmer's wife who may be on the road. I made up my mind that if the smuggling was so profitable it was worth while looking into the observations made last year. I observed there was a general sentiment throughout Canada that the automobile industry was taking full advantage of the duty. I am bound to say, in all fairness to some other industries that were supplying parts in the automobile business, that after having looked into the matter I made up my mind that these people were not taking full advantage of the protection, but the automobile people were taking the very last farthing they could get out of the protection, and we considered it was reasonable that there should be a reduction of the duty. I think that sentiment prevails not only on this side of the House, but on the other side, and I am satisfied, having listened to all the arguments for and against, that the government are dealing pretty fairly and generously with the industry, and that they are receiving now sufficient protection to make the industry profitable.

Sir HENRY DRAYTON: I want to understand my hon. friend and to be absolutely fair with him. Has the minister come to any conclusion as to what protection the industry should have?

Mr. ROBB: As we proceed with this discussion I will have something to say.

Sir HENRY DRAYTON: But we are on it now. Has the minister any idea of what protection the industry should have? I think the question is perfectly fair.

Mr. ROBB: After looking into the automobile industry I was confirmed in my opinion that we were absolutely right in putting in the clause that 50 per cent of the car should be manufactured in Canada, because I discovered that some of these concerns in Canada were not manufacturing plants, but were simply assembling plants, and that they were in Canada, not so much for the Canadian business, but on account of the advantages they enjoyed in the export markets of the world, under the export treaties we have with other countries. My hon. friend asks what protection they should have. Well, they are getting a rate of 27½ per cent on cars over

the value of $1,200 and 20 per cent on cars under that value. Now my hon. friend is going to ask what is the net protection—

Sir HENRY DRAYTON: Yes.

Mr. ROBB: Because the manufacturers of parts come in there. When the manufacturers of parts can sit down and agree among themselves, I will be in a better position to discuss this matter with them. I can quite understand why hon. members in this House are divided in opinion over this automobile duty, but I can assure them that the division of opinion here is not any greater than the division of opinion among the manufacturers of automobiles and automobile parts.

Sir HENRY DRAYTON: Am I correct then in gathering from what the minister says that I was right in the assertion I made during the debate on the budget, to which I understood him at the time to give assent, namely, that at the time these budget proposals were made the government had no information whatever as to the net protection the industry was receiving?

Mr. ROBB: No, I would not admit that.

Sir HENRY DRAYTON: If not, let us get the facts. I think I am right, but the minister may not want to admit it. I know he agrees I am right; he did before.

The CHAIRMAN: I would make the suggestion that we might as well consider items 438a and 438b together, if there is no objection.

Sir HENRY DRAYTON: Better take them separately, they are entirely different.

Mr. ROBB: I have the figures of the drawback on automobiles. Does my hon. friend wish me to put them on record. I have a statement of the drawback paid on automobiles and their exported value. This is the sworn statement of the manufacturer. I suppose we can accept that statement. It is as follows:

Make of car	Sworn value	Drawback claimed
Chrysler four (after July, 1925).	$697 56	$145 01
Chrysler coupe..	732 50	180 21
Chrysler coach..	758 00	188 62
Chrysler sedan..	808 00	202 85

We will take another car which does not come quite in this class, but it will give an idea of the run of them:

Dodge touring (after September 1924)..	$ 801 04	$ 125 88
Dodge sedan..	1,202 32	173 95
Ford runabout..	282 00	19 29
Ford tudor sedan..	494 00	62 73

If there are any other cars that hon. gentlemen are interested in I have them here.

Mr. McGIBBON: Has the minister those in percentages?

Mr. ROBB: No. Let us come now to the General Motors:

Make of car (After 26th November, 1923)	Sworn value	Drawback claimed
Chevrolet sedan..	$ 604 54	$ 83 03
Chevrolet coupe..	540 54	131 91
Buick sedan, No. 50..	1,674 16	376 56
Buick limousine sedan..	1,755 34	317 44
(After 12th June, 1925)		
Studebaker phaeton..	870 00	228 41
Studebaker brougham..	1,113 00	298 76
Studebaker Berline..	1,254 00	326 50
(After 15th September, 1924)		
Willys-Overland, 91 touring..	378 00	65 10
Willys-Overland sedan..	474 00	98 98

Mr. EVANS: Was that drawback given on the raw material or on the manufactured parts?

Mr. ROBB: On imported material. It may be imported raw material or imported parts, but not only automobile manufacturers but all trades are entitled under our act to a drawback of 99 per cent if the goods are exported.

Sir HENRY DRAYTON: The minister must have come to some conclusion on these figures. What conclusion did he come to as to the net amount of protection enjoyed by these companies, or was that ever put down as a percentage? One hon. gentleman asked the minister a moment ago if he had any percentages and he said: No. Surely that was considered.

Mr. ROBB: I have no wish to injure or to affect adversely the automobile industry of Canada. I want this industry to grow and I am glad to know these manufacturers are doing such a large export business. But I want them to do a reasonable business in Canada and looking into the matter I am bound to say that some of these people have been enjoying in Canada a protection of about 100 per cent.

Sir HENRY DRAYTON: We are glad to get the figures. We all want to see this business carried on properly and we cannot come to a conclusion on a few general statements. It is a mere matter of calculation to find out the percentages. What was the result the minister came to or did he come to any result?

Mr. ROBB: I came to the conclusion that they were receiving too much protection and I decided to reduce it. I came to the conclusion that I was wrong last year in opposing some of my hon. friend's friends. I thought

a protection of 27½ per cent on the higher priced cars and 20 per cent on the lower priced ones was a pretty fair protection. I am still of that opinion.

Sir HENRY DRAYTON: I only want to know what the fact is. At the time that these figures were either decided upon or received by the government from the hon. Laird of Pipestone, am I right in assuming that really the government did not know what the net tariff protection was. I have been trying to get it and I cannot.

Mr. ROBB: I am not surprised that my hon. friend cannot get it because I have not been able to get it. Each manufacturer of automobiles seems to have a different idea and I have not yet been able to have them checked up uniformly.

Sir HENRY DRAYTON: My hon. friend did not have it then and he does not have it now. Not only did he not know what he was doing when he first made the change, but he has been unable to find out. In that case I am going to turn to what was said by Mr. Russell in Montreal and ask my hon. friend whether he has checked this up yet and whether he can tell us whether it is correct or not. Mr. Russell said:

> In 1925 the domestic production of motors cars amounted to $67,000,000 in value; that if all those motor cars had been imported at 35 per cent the duty so collected would have amounted to $17,000,000.

Are those figures correct?

Mr. ROBB: I have not checked them.

Sir HENRY DRAYTON: My hon. friend has his expert with his figures in front of him. On the other hand the motor manufacturers themselves paid in duties less the drawbacks they received more than $7,400,000. Is that right? Does the government yet know whether that is right or not? That is apparently one of the first things one would want to know before one could come to any conclusion. As apparently it is not yet known by the government there is still something for this committee to do. Again he said part makers from whom we received data paid $1,250,000 more in duties. Will my hon. friend tell me whether that is true or not? Did the department ever make that inquiry. I pause for an answer.

Mr. ROBB: I have not checked that.

Sir HENRY DRAYTON: Mr. Russell goes on:

> A conservative estimate establishes that our car manufacturers and those supplying material and parts to them paid to the government $10,000,000 of duties as compared with a gross duty that would have been collected had all the cars been imported of $17,000,000.

I take it from what my hon. friend has already said that he has not that information because that is a summary of what we have had before. These figures, which go to the vital question as to what protection the industry actually receives, show that there has been a protection, not of $17,000,000, which is the full extent of the tariff, but only of $7,000,000, that being the difference between the $17,000,000 and the $10,000,000 in duties paid by the automobile manufacturers in connection with the parts they buy, and by the parts makers themselves. That works out at a net protection of 14½ per cent. Now, is the minister in a position to say whether that statement is correct or not? He does not answer. He cannot say whether it is or not.

Mr. MacLEAN (Prince): How does the drawback affect that point?

Sir HENRY DRAYTON: The hon. member will see that it does not enter into the question at all. This is over and above what was exported. These are cars used locally, and with this the drawback has nothing in the world to do.

Mr. MacLEAN (Prince): That is a point on which we want to be clear.

Sir HENRY DRAYTON: The manufacturers do not receive a drawback in connection with local business, and we are here referring to local cars. And it is in connection with local cars that the whole of the reduction is supposed to be recommeneded.

Mr. McLEAN (Melfort): Is it not a fact that the manufacturers get the full amount of the protection on the portions of the car manufactured in Canada, while they pay the duty on those parts manufactured in the United States or elsewhere?

Sir HENRY DRAYTON: It is not only a question of what is manufactured in the United States. Now, here my hon. friend is asking a pertinent question in regard to which he is entitled to information; and I am going to ask the minister at this point to tell the committee what parts the Canadian automobile manufacturer must of necessity buy from the United States or some other foreign country. That question arises immediately out of the question my hon. friend has just put to me. Perhaps the minister will tell us, from his experts, what parts our manufacturers have of necessity to purchase abroad.

Mr. ROBB: I could not tell my hon. friend what parts they must buy "of necessity." The hon. gentleman knows as well as I do that this week it might be necessary to buy certain parts outside the country be-

cause they were not obtainable here; the local industry might not be able to supply those parts at the time. On the other hand, next week they might get at home all the parts they required and the following week, again, they might be short. It depends on the run of the business. Later on I propose to give a list of certain parts which are said not to be manufactured in Canada and to give an additional reduction on them.

Sir HENRY DRAYTON: My hon. friend from Melfort is interested in this matter and he evidently wants some information. The minister will agree with me that, apart from local production, there are parts not manufactured in Canada such as speedometers, carbureters, speedometer cables, ammeters, ignition switches, clocks, horns and similar accessories. These things have to be got from outside.

Mr. ROBB: Not made in Canada? What does the hon. gentleman suggest then?

Sir HENRY DRAYTON: At the moment I am trying to elicit the facts. The hon. member for Melfort has asked a question, and his point is that the Canadian manufacturer gets the benefit of the full protection on whatever he made in Canada, whereas, if he bought parts from the United States, his protection is reduced to the extent of the duty paid on those parts. Now, I am stating, indeed the minister has admitted as much, that some parts must of necessity be purchased from the United States or elsewhere. And it is not only parts that must be so obtained but certain steel that cannot and is not yet produced in this country, as everyone knows who has paid any attention to the subject. We have the raw materials but these things have not been produced here, although they ought to be.

These are concrete figures that I have given to the House, and I do not think that the automobile people would give away profits which they would retain if they could. The minister is not in a position to quarrel with the figures I have submitted, inasmuch as he does not know anything about the subject; at least, he has himself no figures to offer. These concrete figures having to do with the business the minister is not possessed of, but he was able to say that there was smuggling going on. Am I to take it from his statement that one reason that a cut was made in these duties was the fact that automobiles were being smuggled into Canada?

Mr. ROBB: Not exactly; but that influenced me to change my views since last year.

Sir HENRY DRAYTON: It did, and it did not—"not exactly." My hon. friend in groping around to find some possible excuse for what he has done pulls down this cobweb from the ceiling. The fact of smuggling may have had something to do with the change! Now I really do not think that the minister believes that, for he knows very well that if there is one thing that cannot well be smuggled into Canada, that is to say if we have a customs force which is doing what it ought to do, it is an automobile.

In view of the fact that the minister did not know what the net protection was, nor that these people were paying to the government in connection with customs duties alone the sum of $10,000,000, why does he say, how indeed can he say, that they were taking the full advantage of the duty? Perhaps he will explain that point later on. Over and above these duties collected from the trade in 1925, Mr. Russell stated that the excise, sales and stamp taxes amounted to $7,400,000? Did my hon. friend have that figure before him, or is that too a matter of news to the government? The minister does not answer. Evidently it is a matter of news to him. So that in respect of these items alone the federal government collected from the motor industry $17,400,000. Did the minister ever calculate how much tax the government was placing on the cars sold in Canada under its taxation?

Mr. ROBB: Under the taxation of my hon. friend.

Sir HENRY DRAYTON: The minister is wrong there. I know he wants to be fair, but he is driven from one hole to another in his attempt to find a sure footing. He has challenged the duty, as he had every right to do, but surely he did not make his reductions without the slightest information upon which to base a scientific tariff. Here we have reductions that can only be described as drastic and the minister in his vain endeavour to find an excuse says that the taxation which the trade has to pay is something for which I am to blame. Surely he recollects that the former luxury taxes were all taken off and that there were no such taxes on the automobile when this government assumed office. Surely he knows that. If he does not, I think my hon. friend alone is ignorant of a fact to which a great deal of publicity was given at the time. Surely he will recollect that he voted for a budget which put these luxury taxes on at a higher rate, 5 and 10 per cent. Now I point out to him that this form of taxation which makes the production of cars more expensive in this country than in the States is not, as he says, a matter for which

I am to blame. But it would not make any difference if I were. The fact is those taxes make it more expensive to manufacture motor cars here. Does my hon. friend object to that statement?

Mr. ROBB: I admit that.

Sir HENRY DRAYTON: Of course. I should like my hon. friend to do a little figuring and ascertain a little more about this subject. I think he will find that on every car manufactured and sold in Canada in 1925 the federal government received a tax which averaged $207. When he was so exercised about the price paid by the public he should have looked into that.

Mr. STEWART (Edmonton): What is paid in the United States on the same car?

Sir HENRY DRAYTON: Three per cent.

Mr. STEWART (Edmonton): No, what is the total taxation in the United States?

Sir HENRY DRAYTON: My hon. friend did not have even that information before him.

Mr. STEWART (Edmonton): Yes, I knew it.

Sir HENRY DRAYTON: Then why ask the question? Then is the minister really to blame for it all. He really does not know anything about it. When the Minister of Finance came to the conclusion that motor cars were costing a great deal too much in Canada—and they were costing too much—did he realize that his government was causing them to cost too much by an average of $207 for every car made and sold in Canada in 1925? Mr. Chairman, it is idle to go on further in that connection. But just take another matter which is absolutely basic to any question of tariff. Does my hon. friend not agree with me that in any scientific tariff you have your duties lowest on the least processed article?

5 p.m.

Mr. ROBB: That is sound.

Sir HENRY DRAYTON: Why is it sound, Mr. Chairman? For the simple reason that as an article is further processed we get a greater percentage of Canadian labour in it, and that is what we want to look after.

Mr. FORKE: Has my hon. friend ever seen a scientific tariff? Is there such a thing?

Sir HENRY DRAYTON: My hon. friend will find there is such a thing if he ever seriously looks into it. I admit that the present tariff is not at all scientific.

[Sir Henry Drayton.]

Mr. ROBB: When my hon. friend admits that he is admitting his own negligence, because he had an opportunity of improving it.

Mr. CASGRAIN: Hear, hear.

Sir HENRY DRAYTON: The chief whip does not do himself justice when he hear, hear's and bangs his desk. He knows that that retort is old and worn out. He knows perfectly well the reason why the former administration could not touch this question. Everbody knows it. My hon. friend admits it. So we have the principle admitted, Mr. Chairman, that in a proper scientific tariff as you go further up in your processes your tariff increases for the purpose of protecting Canadian labour. I am going to give a few figures just to show how, when you take a jump in the dark and know absolutely nothing of what you are doing, as we have clearly shown the government acted, disastrous results are bound to follow. I can take any single basic material going into this manufacture and show that my hon. friend has absolutely violated the principle that he upholds.

Mr. POULIOT: My hon. friend is speaking seriously?

Sir HENRY DRAYTON: Oh, yes.

Mr. POULIOT: Why does he have such a nice smile on his face all the time when he says that?

Sir HENRY DRAYTON: I am quite sure my hon. friend's suggestion is a great help to the debate. But does he think it is possible for me to portray in my face just what I feel when I see mirrored before me such appalling ignorance in dealing with this subject? I cannot do it. The position is laughable.

Mr. POULIOT: I said smiling.

Sir HENRY DRAYTON: Well, it is really laughable to think that people who are supposed to have serious responsibilities placed upon them—other than the one responsibility of hanging on to office as best they may—would with the information before them take the step which is here taken. It is sad, but at the same time it is laughable. Now then, I am going to take cotton. The raw material is of course free. When it gets to cotton yarn the tariff is 25 per cent; cotton cloth and yarn the same; cotton cloth, not dyed, 25 per cent; cotton cloth dyed, 32½ per cent. Rubber-coated cloth, 30 per cent; top material 30 per cent. These items all go into tops, and there is a good deal more Canadian labour in the tops than there is in the cotton cloth dyed, which is given to-day a duty of 32½ per cent, while tops are given a duty of 20 per cent. That is how it works out.

Mr. ROBB: I notice my hon. friend is well posted on the cotton trade. Will he tell me what percentage of a dollar's worth of cotton is labour?

Sir HENRY DRAYTON: My hon. friend gets my point, but the trouble is he will not take his medicine in the way it should be taken. He is perfectly right, there is far less Canadian labour to be found in a yard of cotton—which when it is dyed cotton cloth gets protection from my hon. friend of 32½ per cent—infinitely less labour than is to be found in the completed tops of automobiles, yet he maintains the one at 32½ per cent and he cuts down the other to 20 per cent—against the very principle which he himself has to admit.

Suppose we take something else. Suppose we take iron. That is part of your materials again. The free iron ore you convert into pig iron. Then there is a duty of $2.50 per ton. Then you are going to do something with this iron in connection with your cars. You have to have wheel hubs and wheels. Your wheel hubs are metal. There is a 30 per cent duty on the wheel hub, which the Canadian manufacturer has to pay. The next thing you have in connection with your iron is malleable castings which you put into your axles. When it takes the form of malleable castings it gets a protection of 27½ per cent. It goes a little bit further and becomes rear axle housings—a little more Canadian labour in that, and the duty then becomes 30 per cent. It goes on and becomes a rear axle—a bit more Canadian labour in that, if they are made here—and it gets a protection of 35 per cent, while the protection to the whole automobile is put at 20 per cent, with infinitely more Canadian labour upon it.

Take iron and steel billets. When they get in the form of springs, you have again the same story. On iron and steel billets the duty is $2.50 a ton, but when rolled into alloyed steel the duty is twelve and a half per cent. When you get them down to the cold rolled steel the duty is 30 per cent, and when it gets down to the chassis springs and screws the duty is 35 per cent. There you have that 35 per cent, in defiance of all rule and of all principle as admitted by the minister himself, while the duty on the finished article is put at 20 per cent—35 per cent on the raw material and 20 per cent on the finished article.

We have learned this to-day, Mr. Chairman, that a serious mistake has been made in not referring this matter to somebody who knew something about it. We have learned that there was no expert sitting in as the Prime Minister said, that there were no figures before the government that have anythink whatever to do with the question. We have it from the minister himself that the whole of this reduction is just simply a leap made in the dark by a government that does not apparently know what it is doing.

Mr. CHAPLIN (Lincoln): I should like to inquire from the minister what he had reference to a few minutes ago when he spoke of the makers of automobile parts not having got together, and that they did not themselves understand exactly what they wanted, and he could not tell them until he had found out what it was they wanted. I do not know that I understand just what he meant by that, and I should like him to explain that statement.

Mr. ROBB: That is a fair question. I would not betray the confidence of any of the parts men, any more than I would betray the confidence of my hon. friend if he came to see me—

Mr. CHAPLIN (Lincoln): Which he has not done yet.

Mr. ROBB: No, I admit that, although he has said a number of times that he is going to give me that pleasure. The parts men, as my hon. friend knows, met the government in a delegation and presented certain representations to the government. The following day—I do not recall how many of them there were exactly—but I remember that there were at least three or four different fellows who came in to see me at different times, and they said: We were there yesterday and presented our case, but listen, we want to tell you this thing; and another fellow would come in and say, listen, I want to tell you this thing. My hon. friend can quite understand how bewildered a minister becomes when he meets men who are in the business and discovers that they really cannot agree among themselves as to what would be fair. That is what I meant.

My hon. friend the former Minister of Finance has presented certain figures. He asked me a few moments ago about the records as to automobiles and automobile parts. I have here a long statement, which I shall not read to the House, but will ask permission to have put on Hansard, so that hon. gentlemen may see it, giving a summary of the exports and imports of automobile and automobile parts, as follows:

DOMINION BUREAU OF STATISTICS—EXTERNAL TRADE BRANCH

SUMMARY OF IMPORTS OF AUTOMOBILES AND AUTOMOBILE PARTS INTO CANADA

(Fiscal Years 1917 to 1926)

	Automobiles, Freight		Automobiles, Passenger		Automobile Parts, n.o.p
	Quantity	Value	Quantity	Value	
	No.	$	No.	$	$
Years ended March 31:—					
1917	327	423,824	12,037	7,981,177	7,200,017
1918	964	1,275,179	16,118	11,317,245	6,671,419
1919	1,744	2,274,748	6,473	5,326,510	6,660,770
1920	2,274	3,831,084	10,805	11,204,461	12,674,823
1921	1,706	3,578,938	5,907	8,399,537	11,760,367
1922	806	1,537,765	7,181	9,501,362	10,211,791
1923	1,082	1,889,105	11,402	11,857,165	14,134,874
1924	1,340	1,910,808	9,549	9,532,350	16,808,323
1925	934	1,364,664	8,835	8,726,714	14,188,715
1926	1,189	1,772,414	14,935	14,022,814	23,111,109

DOMINION BUREAU OF STATISTICS—EXTERNAL TRADE BRANCH

SUMMARY OF EXPORTS OF CANADIAN AUTOMOBILES AND AUTOMOBILE PARTS FROM CANADA

(Fiscal Years 1917 to 1926)

	Automobiles, Freight		Automobiles, Passenger		Automobile Parts
	Quantity	Value	Quantity	Value	
	No.	$	No.	$	$
Years ended March 31:—					
1917	(a)	(a)	9,766	4,604,899	1,007,207
1918	(a)	(a)	8,447	3,807,278	1,557,712
1919	2,567	1,313,770	11,613	5,989,908	1,552,296
1920	4,133	2,211,342	20,373	12,672,265	3,097,466
1921	4,290	2,602,853	15,620	11,376,268	4,262,325
1922	1,296	611,185	13,428	7,421,619	1,151,453
1923	3,720	1,444,549	45,108	25,606,350	2,355,066
1924	15,396	5,496,272	54,522	27,246,025	4,162,787
1925	11,773	4,018,419	44,317	22,011,970	4,911,736
1926	19,224	6,283,080	61,499	29,434,358	7,121,747

(a) Included with "Automobiles, passenger" prior to 1919.

Let me take just one year, 1917. The value of the passenger automobiles imported into Canada in that year was $7,981,177, and the value of the automobile parts, n.o.p., $7,200,017, or almost the same figure as for the automobiles. When we come down to 1926, we find that the value of the passenger automobiles imported was $14,022,814, and the value of the automobile parts imported was $23,111,109.

Mr. CLARK: What was the total production in that year?

Mr. ROBB: I have not got the production. Now I will give the exports for 1926. The exports of Canadian passenger automobiles in 1926 amounted to $29,434,358, and the export of automobile parts to $7,121,747.

The desire and the policy of the government is not to injure the manufacturers of parts, but to compel the manufacturers of automobiles to cease having simply assembling plants in Canada. If they are in Canada to enjoy the advantages of the trade treaties that we have, and of the British preference—and the British preference has recently been stabilized for ten years—then we submit that it is only fair that they should manufacture at least 50 per cent of the products in Canada to be entitled to that concession.

New Zealand has recently ruled that no industry can enjoy the advantages of the New Zealand preference unless they come up to the 50 per cent basis. Canada has the advantages of the New Zealand preference if the automobile industry here comes up to the 50 per cent British material and labour basis. Under the New Zealand tariff the rate under the British preference—I am only quoting this as an example—is 10 per cent, and the general tariff is 25 per cent, so the

Canadian industry has an advantage of 15 per cent in that market. But how does it work out? The New Zealand government has ruled—and I think it is a pretty fair rule, one that we might very well adopt—that for duty purposes the assessment shall be made on the fair market value in the country of origin. What is the result? Because the Canadian car is sold higher in Canada than the United States car is sold in the United States, the whole advantage of that 15 per cent is practically wiped out on some Canadian cars, and the United States car gets into the New Zealand market at as low a rate of duty, for just as many dollars of duty, as the Canadian car. Now we propose to correct that position, and to see that the fair market price in Canada shall be lower than it has been, and consequently the industry here will be in a better position. Consequently the industry will be in a better position; they will enjoy to a greater extent the advantages they now have in other countries because they will come in under a lower duty, but if they continue as at present they will be under a disadvantage.

Sir HENRY DRAYTON: To which you contribute $204 per car, on the average.

Mr. ROBB: There is a good deal in what my hon. friend says, that because of the war conditions and the necessity for revenue, with the government groping about to find that revenue, we imposed the excise tax and sales tax on cars. But my hon. friend will notice, if he looks at this year's estimates, that we have to correct some of his own troubles in the matter of taxes. It is all costing money; no one knows better than does my hon. friend that it is not so easy to fix up a tariff to satisfy every person. My hon. friend says the Canadian tariff has many inequalities, and I think he is absolutely right.

Sir HENRY DRAYTON: I quite agree.

Mr. ROBB: But he carried on an investigation throughout all Canada; he must have looked into the matter pretty carefully, and he had ample opportunity at the time to correct some of these inequalities, but he said a moment ago that he could not do it. And why? Because it is hard; it is dangerous to start changing tariffs, but this government has had the courage to do so, and I think we are receiving the support and approval of the Canadian people.

Sir HENRY DRAYTON: I think the Canadian people to-day would very much rather see this question put upon a fair and proper basis. My hon. friend knows very well why, at the end of that former investigation, nothing could be done. Every hon. gentleman knows that having regard to the United States market and to the invasion of our markets by the United States, this matter had to be looked after very carefully with especial regard to that nation. Everyone knows that at that time taxes which were then temporary, and which bore very heavily upon our people, were in effect in the United States. These were at the balancing point as to whether they should be repealed or should become permanent, and we were told that if we took any action we might perhaps provide an excuse for making those taxes permanent. We therefore held our hand, and whether we were right or wrong, everyone knows why that was done. They know very well we did not do it for any dishonest political purpose; we did not do it for the purpose of catching votes in this House.

Mr. LAPOINTE: May I ask a question?

Sir HENRY DRAYTON: Certainly.

Mr. LAPOINTE: Why is it that in the Speech from the Throne at the opening of the session of parliament after my hon. friend had held his investigation, it was announced to the Canadian people that there would be a revision of the tariff?

Sir HENRY DRAYTON: For the very reason I just finished stating. If my hon. friend had paid attention he would have known. At the time that investigation took place and when that statement was made the intention was to do what I thought should be done, namely, put this tariff upon a business basis. I have just said so, but I will repeat my statement. There were taxes in the country to the south, temporary taxes, which we thought bore very hardly on our people. These were emergency measures, of which hon. gentlemen all know if they would only admit it. At that time, while this House was in session, the question of whether these temporary taxes should be repealed or made permanent was in the balance; it might fall one way or the other.

Mr. LAPOINTE: And all this happened between the delivery of the Speech from the Throne and the bringing down of the budget?

Sir HENRY DRAYTON: Yes. My hon. friend knows that that was a most critical period. But however that may be, there is surely no good in going back all the time to these vain recriminations.

Mr. LAPOINTE: It is better not to.

Sir HENRY DRAYTON: I do not know what my hon. friend is laughing at; I did not raise that point. My hon. friend thinks recriminations better than Canadian business?

Mr. LAPOINTE: No.

Sir HENRY DRAYTON: That is the effect of his remark. I suggested that it would be a good thing for us to try to do business in this chamber upon business principles, and my hon. friend thinks it better to get back to recriminations.

Mr. LAPOINTE: No, I say it is better not to do so.

Sr HENRY DRAYTON: Then I apologize for misunderstanding my hon. friend. He agrees that the minister should not have raised this point and he is right. Now the minister refers to the Canadian people, and what the Canadian people would want. I rose to say that the Canadian people would like to see this House know what it is doing before anything is done. We should know all the facts about what we are doing before we attempt to do it. That is not the case now. Take the words of the minister himself; he says that they were groping here and groping there for revenue. Yes, and he is groping to-day to learn what on earth he is to do when answering the call of others in this House.

Mr. BOIVIN: My hon. friend who has just taken his seat has used as a very strong argument against the reduction of the duty on automobiles the fact that on all the automobiles made and purchased in Canada the government received $207 in taxes. There is no doubt that the Dominion government did receive approximately that amount on every car produced and consumed in Canada, but my hon. friend did not say that that amount included excise and sales taxes.

Sir HENRY DRAYTON: My hon. friend is wrong; he could not have listened to me. I did say that the duties amounted to about $10,000,000, and the excise and sales taxes to about $7,000,000.

Mr. BOIVIN: But my hon. friend did not say how much of the $207 was made up by each tax.

Sir HENRY DRAYTON: I gave the figures; my hon. friend was not paying attention. The duties amounted to approximately $10,000,000 and the sales taxes to about $7,400,000.

Mr. BOIVIN: So that almost fifty per cent of the taxes collected, according to my hon. friend's statement, were collected in excise and sales taxes. On every car imported from the United States the same amount of sales and excise tax was imposed. This government has a double duty to perform. It must live up to the obligations of the Dominion of Canada and honourably pay the interest upon the debt incurred during the recent world war for the benefit of civilization. That can only be done by imposing taxes. The second duty of this government is to make the cost of every commodity required in this country as low to the Canadian consumer as possible. It might be all very well to follow the suggestion of my hon. friend and reduce the cost of automobiles by removing the excise and sales taxes, but if we do that what happens?

Sir HENRY DRAYTON: I did not make that suggestion; I merely stated that we should know what we are doing before we start.

Mr. BOIVIN: My hon. friend said that if we wanted to reduce the price of cars it could be done by reducing the tax. We all know and admit that if we reduced the sales tax and the excise tax we could reduce the price of automobiles without hurting our manufacturers and without hurting those who export their cars to this country, but it is our duty to pay our debts, and it is absolutely necessary to maintain that tax, at least for some time, in order to do so. Now my hon. friend says, "But you did not look into the question; you know nothing about it. You have indiscriminately removed the protection to our automobile manufacturers without knowing exactly what that proportion of protection was."

Sir HENRY DRAYTON: It is a pity the hon. minister did not give the information to the Minister of Finance; he did not have it.

Mr. BOIVIN: The Minister of Finance had all this information.

Sir HENRY DRAYTON: He said not a few minutes ago.

Mr. BOIVIN: He said he did not verify the list of figures which was placed in the hands of my hon. friend on the other side by some automobile manufacturer.

Mr. CLARK: Will the minister permit a question?

Mr. BOIVIN: I will endeavour to answer it.

Mr. CLARK: I do not expect the minister will be able to answer it, but the Minister of Finance might be able to do so. Will my

hon. friend tell the committee whether he can state the net protection enjoyed by any one of the companies named by the Minister of Finance?

Mr. BOIVIN: The net protection enjoyed by each of these companies depends upon the amount of raw material and the amount of manufactured parts which they import from the United States. There is no doubt about that.

Mr. CLARK: Has the minister or the government worked it out mathematically, in connection with the production of any manufacturer in Canada, to show what net protection is enjoyed by any one of them, or the average protection of the industry?

Mr. BOIVIN: Yes, the net protection enjoyed by the automobile manufacturers of Canada up to the present time has been almost 10 per cent greater than it appeared in the tariff. Instead of being 35 per cent, it has been approximately 45 per cent or even more.

Mr. CLARK: My hon. friend's colleague the Minister of Finance stated that some manufacturers enjoyed as much as 100 per cent protection on their Canadian production. I ask the Minister of Customs to give us the details of the 45 per cent protection enjoyed by many of the manufacturers. Will he give the names of the companies and so on?

Mr. BOIVIN: I shall be glad to do that. Although I have no right to speak for the Minister of Finance, I wish to point out in the first place that the Minister of Finance did not say that any Canadian automobile manufacturer enjoyed 100 per cent protection. He said the profits of some automobile manufacturing concerns in Canada were as high as 100 per cent.

Mr. CLARK: He did not say anything of the sort.

Some hon. MEMBERS: Order, order.

Mr. CLARK: He said they enjoyed protection as high as 100 per cent on the portion manufactured in Canada.

Mr. BOIVIN: I do not know what my hon. friend means by 100 per cent on what was manufactured in Canada. The tariff is there and speaks for itself.

Mr. NICHOLSON: What does the minister mean by 45 per cent?

Mr. BOIVIN: I will explain, if the hon. member will follow me, and he will see where it comes from. In the case of a car the list price of which in the United States is $3,500, the list price to the Canadian consumer of the same car is $5,414.36. We all know that the list price of a car in Canada is based upon the American price of that same car, plus the duty, plus the sales tax, plus the excise tax, and plus a certain amount of freight, which I am willing to leave out of the calculation.

Mr. NICHOLSON: Not at all.

Mr. BOIVIN: That was shown during the course of the debate on the budget, and if my hon. friend will take any of the official motor magazines of the United States and make a comparison between the prices mentioned therein and the official list prices of the same cars in Canada, he will find it is not only the amount mentioned, but a little bit more. On a car which is listed at $3,500 in the United States you will find that the duty at 35 per cent on the list price, plus the excise tax in the United States, amounts to $1,250.73; the sales tax on that car is $241.21. The excise tax on the first $1,200 is $60 and the excise tax on the balance is $362.42, forming a total, leaving aside all freight charges, of $5,414.36. When that same car is imported into Canada, as it is generally imported by subsidiary distributing companies—I am speaking of American cars, not cars manufactured in Canada—the company receives a reduction on the list price of 30 per cent for duty purposes. They pay the duty on $2,450 plus the American excise tax of $73.50, so that the duty is $883.40; sales tax at 5 per cent is $170.35, excise tax at 5 per cent is $60, and the excise tax at 10 per cent on the balance over $1,200 is $220.69, making a laid down cost on this side of the line of $3,784.44. When the American manufacturer pays his dealer 20 per cent for selling the car he receives $3,500 less $700, or a net price of $2,800. When he sells that same car in Canada for $5,414.36, he pays in duty and taxes the sum of $1,334.34 and he and the dealer to-gether get the balance of $4,080.02. If the dealer gets the same price for selling the car as the American dealer, or $700, the American manufacturer gets the balance of $3,380.02. In other words he gets for every car he sells in Canada $580 more than he receives for the same car when it is sold in the United States. If the American manufacturer gets an additional profit of $580 I claim the Canadian manufacturer enjoys not only the protection of 35 per cent, but also the additional profit made by the

American manufacturer on a similar car, because the price is based upon the American list price plus that duty and other taxes. That is why I do not consider it necessary, in order to enable the Canadian manufacturer to live thrive and prosper, to maintain a protection of 35 per cent on his product.

Mr. KAISER: What car?

Mr. BOIVIN: Any car which costs $3,500 in the States and is exported to Canada by the United States manufacturer.

Mr. KAISER: Are cars similar to that made in Canada?

Mr. BOIVIN: There are cars of that price which are supposed to be made in Canada, but they are not always made here.

Mr. CHAPLIN (Lincoln): The minister knows very well that they are not made here.

Mr. BOIVIN: The Cadillac car made by General Motors of Canada is assembled in Canada, but—

Mr. CHAPLIN (Lincoln): I do not want the minister to get away from that car. Tell us how much of that car is made in Canada?

Mr. BOIVIN: I do not think that many of the parts are made in Canada. A great many cars that are presumably made or assembled in Canada are not made here at all, but are imported from the United States and sold to us as Canadian assembled cars.

Mr. CLARK: And they pay duty on all the parts that come in?

Mr. BOIVIN: Yes, at the rate of duty which the parts carry.

Mr. CLARK: Would the minister prefer that the cars should be assembled not in Canada, but in the United States?

Mr. BOIVIN: I would prefer that they be assembled in Canada. I would like to see them all assembled in Canada and I would still better like to see the parts made in Canada. That is the reason for the present change.

Mr. CLARK: The minister and I are at one as to having the parts made in Canada. Has the minister now come to the end of his answer to my question as to the net protection enjoyed by the automobile industry in Canada?

Mr. BOIVIN: I have told my hon. friend that it is absolutely impossible for any minister or any member of His Majesty's loyal opposition to say exactly what protection is enjoyed on any car because the different cars are not always manufactured with the same quantity of parts purchased in Canada. Sometimes more parts are imported than at other times. Sometimes it is possible to secure a certain number of bodies from a Canadian body manufacturer and at other times the output of that plant may not be sufficient to meet the demand and bodies have to be imported from the United States and duty paid on them. For that reason it would be absolutely impossible to give the exact net protection on any particular car.

Further the interests of the different car manufacturers are not all alike. The more parts that are imported for one car and the fewer that are imported for others cause a difference of attitude on the part of these manufacturers. Some want one thing and some another. Many of these men came to the Minister of Finance and said that it would be a terrible calamity if a 25 per cent drawback were given on parts imported from the United States when at least 50 per cent of the car was manufactured in Canada. There were other part manufacturers who were begging with both hands for that conditional concession. The representations of the different part makers had to be carefully weighed and the benefit given to the majority.

Some automobile manufacturers asked us for free parts; some asked us to put on the free list certain parts not manufactured in Canada and others stated that they were quite willing to pay duty upon all imported parts. They did not explain the reason but it is evident that there are a certain number of manufacturing interests in this country who have different views. Their views were all heard, weighed and considered, but in weighing and considering those views, one thing was not lost sight of, and that was the cost of the finished car to the great consuming public of Canada. So long as these automobile industries are able to carry on, so long as they are able to show a fair profit and increase production, they should not ask for more. The government does not desire to do serious injury to any industry. It has listened to the representations of every one of the automobile manufacturers in Canada and of the great majority of manufacturers of parts in this country, and it has endeavoured to meet their views and wishes.

Mr. CLARK: May I ask a question?

Some hon. MEMBERS: Order.

Mr. CLARK: I understood from the Speaker that when we were in committee it was the privilege of every member to inter-

rupt and ask questions. I understood that the Minister of Customs was only too glad to have questions put to him. Before he goes on with another part of his argument I wanted to know from him—

The CHAIRMAN: I think it would be better to let the minister finish his argument. The hon. member speaks of interrupting.

Mr. CLARK: I certainly will not interrupt the minister when he goes on with his argument, but I wanted to know for information whether he had finished answering my question.

Mr. DUNNING: He will be finished when he sits down.

Mr. CLARK: Just now I have the floor.

Some hon. MEMBERS: Order.

Mr. BOYS: The minister courteously gave him the floor.

Mr. CLARK: I presume the minister has at any rate finished his statement as to the industry having 45 per cent net protection. I would like to ask him this question. Taking the case of a motor car imported from the United States paying a duty of $136 and the company which manufactures the same car in Canada paying a duty of $74 on the imported parts, I would like to ask the minister whether he agrees with me that the net protection enjoyed by that company on the car produced in Canada amounts to $62.

Mr. BOIVIN: If it is going to please my hon. friend I will say this. If a manufacturer gets $136 protection and pays a duty of $74 on parts imported from the United States, his protection is exactly $62.

Mr. CLARK: What percentage would that be?

Mr. BOIVIN: I do not know what car my hon. friend has in mind. It all depends on the price of the car.

Mr. CLARK: It does not matter what car. I could name probably four or five models, such as the Essex, Overland, Durant, any car with a United States valuation around $400. What I suggest to the minister is this: If it is enjoying a net protection of $62, that would mean that the net protection for that particular car, instead of being 35 or 45 per cent as the minister suggests, would not be more than 16 per cent.

Mr. BOIVIN: Possibly, but in order to arrive at the 16 per cent protection to which my hon. friend has just referred, he would have to admit many things. He would have to admit in the first place that the top or the body or the wheels purchased for that car would be imported subject to the same rate of duty that they are paying at the present time. He would have to admit further that on the parts which it is impossible for the manufacturer to buy in Canada and which he must import from the United States, he will continue to pay the same rate of duty that he is paying at the present time. Perhaps, if all those things are taken into consideration, that manufacturer would be protected on that particular car to the extent of 16 per cent. In other words he would have the right to charge 16 per cent more because he made his car in Canada than the United States manufacturer would have the right to charge for the same car in the United States.

Mr. CLARK: Surely the minister is not serious when he says there is a right to charge that much more. I think he will admit that the cost of manufacturing has something to do with the matter.

Mr. BOIVIN: I am willing to admit all that. I am willing to admit that owing to the enormous production and the consequent smaller overhead in the United States the cost of production there is less than it is in Canada.

Mr. BEAUBIEN: Wages are higher in the United States.

Mr. BOIVIN: Yes, but mass production there makes the cost a little less. But what my hon. friends sometimes forget is that not all the cars made in Canada are sold at home, and that on cars the manufacturer makes in this country for export he is not obliged to pay the duties referred to. He gets the drawback on all parts imported and incorporated in cars shipped out of Canada, and on an average 47 per cent of the cars made here are exported. On that 47 per cent the manufacturer is very well able to compete with labour conditions on the other side.

Mr. CLARK: The minister will admit that the cars exported from Canada are sold very much lower than the cars sold here. There is a difference of about 16 or 17 per cent equivalent to the drawback.

Mr. BOIVIN: That is what we have always contended on this side of the House. These cars are sold at much less than the same cars when sold in Canada and the Canadian people ought to get some of the advantages enjoyed by the foreign purchasers.

Mr. CLARK: But my hon. friend forgets—

Some hon. MEMBERS: Order. Sit down.

Mr. CLARK: I understood that the minister had given me permission to ask a question.

Mr. BOIVIN: My hon. friend, a moment ago, said he was not aware whether or not I had finished my remarks. I thought I was speaking sufficiently loud for him to hear me. In case he does not, I may tell him that when I have concluded I shall take my seat and will not do as an hon. member did a few years ago, when he insisted on keeping the floor without speaking.

Mr. CLARK: When was that?

Mr. BOIVIN: If my hon. friend has a question to ask I shall be glad to endeavour to answer him.

Mr. CLARK: All I wanted was to ask a question. I want to know whether the difference between the price the manufacturer charges abroad and that which the home consumer pays is not equivalent to the drawback allowed under the Customs Act.

Mr. BOIVIN: The manufacturer sells his car cheaper abroad than he does in Canada because he pays a lower duty on parts imported for use in the cars he exports. If therefore he pays a lower duty on such parts for the cars sold at home, he ought to be able to sell his cars in Canada at a lower price. There is of course one possible objection in that respect: it may be said that because of these lower duties in the form of a drawback on imported parts we shall wipe out the parts industry entirely. But this argument is of no force inasmuch as the only drawback which the manufacturer gets in connection with the cars he exports is a drawback, not on the cost of the car, but on the duty paid on American material or parts entering into the manufacture of the car when it is made in Canada. And is it not a fact that there are Canadian wheels and bodies on many cars that are exported? I am glad that my hon. friend and I are agreed on one point—that the more you reduce the duty, the cheaper can the manufacturer sell his car.

Mr. KAISER: As regards the selling of cars abroad, the reduction in the sales and luxury taxes that must be paid in Canada should be fairly set forth. That is where the difference comes in.

Mr. BOIVIN: That of course makes a considerable difference, but in the present debate I do not think the question of the sales and luxury taxes has been taken into consideration by anyone except the former Minister of Finance (Sir Henry Drayton) who referred to them in order to present what appeared on the surface to be a very good case. The hon. gentleman is an able parliamentarian. He submits his views in convincing language, and I am sorry that any hon. member should reproach him for putting them forward with a smile. He used the argument that $207 is paid to the government on an average, on every car manufactured in Canada, and of that $207 he admitted that about 45 per cent consisted in excise and sales taxes. That 45 per cent does not apply to the car that is exported, in connection with which neither sales nor luxury taxes are collected. I want the committee to understand that for the purposes of my argument I have no intention of introducing the sales and luxury taxes, which after all are taxes imposed upon our own citizens, to meet the obligations of the country. I want to consider the cost of the car in Canada in comparison with the export cost without taking these taxes into account. In my opinion the automobile manufacturers made a grievous mistake when they published the list prices of their cars and included therein the sales tax and the luxury tax. This was unfair to themselves. I am prepared to admit that if the manufacturers in Canada had not included in their list prices the sales and luxury taxes, they would not perhaps be so severely censured for the high cost of cars in this country. They have done so however and it may have been for the purpose of making the buyers of cars forget that they had these taxes to pay. I know that the automobile manufacturers are great friends of the party in power.

Some hon. MEMBERS: Oh, oh.

Mr. MORAND: Is that why the duty was reduced?

Mr. BOIVIN: We did not consider that when the tariff was discussed.

Mr. MORAND: That is the trend of the minister's argument.

Mr. BOIVIN: The tariff was reduced for a reason which I have already given to the committee and which I shall state again. It was reduced in order to bring down the prices of cars in Canada, and put them within reasonable reach of the consumer.

Mr. CLARK: Without regard to those employed in the industry.

Mr. BOIVIN: My hon. friend and I agreed a few moments ago that the manufacturers of Canadian cars were selling their exportable surplus at lower prices than they were charging the Canadian consumer.

Mr. CLARK: Because they got a drawback.

Mr. BOIVIN: Because they got a drawback, yes. Now if instead of a drawback they get permission to import free the parts not manufactured in Canada—

Mr. MORAND: Thereby putting the other factories out of business.

Mr. BOIVIN: What factories?

Mr. MORAND: The parts factories.

Mr. BOIVIN: May I ask my hon. friend how we are going to put any parts factory out of business by admitting duty free into Canada any part not manufactured in this country?

Mr. MORAND: There is no objection to that.

Mr. BOIVIN: My hon. friend has no objection to that? Well, I can assure him that it is not the intention of the government to go a step further. We do not intend to ruin any parts factory in this country.

Mr. CLARK: It is enough to ruin the automobile factories.

Mr. BOIVIN: We do not intend either to ruin the automobile factories, and as a matter of fact they will not be ruined. Far from that, the manufacturers will sell their cars at a lower price and on that account will sell more cars, making a bigger profit, increasing production, lessening overhead and paying dividends to their shareholders. That will be the result of this tariff change. Whether the part comes in free or whether it gets the 99 per-cent drawback makes very little difference; in one case or in the other the reduction in tariff is going to be passed on to the Canadian consumer. It is not our desire to ruin any manufacturing industry. The Minister of Finance and the government have one desire in mind in all the proposals submitted to parliament—to encourage production in Canada, and instead of having merely assembling plants, to have fully equipped plants for the complete manufacture of automobiles and other commodities and so employ more Canadian workmen. That is the reason why while some parts may be placed on the free list other parts will not be; but a drawback of 25 per cent on those parts will be given only upon condition that the manufacturer applying for the drawback shall prove to the government that more than 40 or 50 per cent Canadian labour and Canadian materials have been incorporated in the car.

Mr. KAISER: In the car or in the parts?

Mr. BOIVIN: In the car or in its component parts.

Mr. KAISER: There is quite a distinction. Take the case of a man making a part, and that part goes into a car, how is he to prove that the car contains 50 per cent Canadian labour and materials? If it read "50 per cent of Canadian-made parts" it would be clear.

Mr. BOIVIN: A few moments ago I stated that in the case of cars exported in which Canadian bodies, Canadian wheels, Canadian springs and other Canadian parts were used, the manufacturer exporting will get a drawback of 99 per cent on everything American whether imported direct by himself or by the maker of the parts sold to him to be embodied in the completed car. The 25 per cent drawback which is to be granted by the government under another item of the tariff will be administered in absolutely the same way. That is, if the Canadian car manufacturer buys a part from a Canadian parts manufacturer, he will get a credit of 50 per cent for the Canadian labour and materials in that part.

Sir HENRY DRAYTON: My hon. friend I think has cleaned it all up. Take, for example, rims. As my hon. friend knows, we have not the steel in this country for the manufacture of rims, therefore we have to import the rims which are used by our wheel manufacturers. For the purpose of administration, will my hon. friend say that if the Canadian automobile manufacturer buys his wheels from a Canadian wheel manufacturer, notwithstanding the fact that the rims had to be imported from the United States, those wheels will be looked upon as a Canadian product? I so understood from my hon. friend's statement.

Mr. BOIVIN: Then I do not think my hon. friend understood me exactly. I said that everything Canadian in those wheels would be considered as part of the 50 per cent of Canadian manufacture and materials contained in the car. It is absolutely the same as the regulation that applies to export at the present time. If those wheels are embodied in a car which goes to a foreign country, a drawback is paid upon the duties paid in respect of all parts included in the car.

Sir HENRY DRAYTON: In the case of the wheel it would be the duty on the rim?

Mr. BOIVIN: The duty on the rim would be considered to be duty paid by the Canadian manufacturer of the Canadian content in the car. The drawback of course would not be on the full cost of the wheel; it would be 25 per cent of the duty paid on the rim when imported.

Sir HENRY DRAYTON: It is six o'clock.

Mr. ROBB: Mr. Chairman, I was wondering if we might not pass this item which we have been considering all the afternoon.

Sir HENRY DRAYTON: We are really discussing both items.

Mr. ROBB: I had intended before six o'clock to make a statement of certain amendments so that hon. members might have an opportunity to consider them. On 438b I propose to offer as an amendment after the word, "only", the words, "n.o.p., valued at retail when new."

Sir HENRY DRAYTON: That is new cars of a retail value of $1,200?

Mr. ROBB: That applies to cars of $1,200 and over when new. To that item we shall also add what has been added to the other items, "chassis for motor vehicles specified in this item."

Then there is another item:

Customs tariff—438c. Tops, wheels and bodies, n.o.p., for motor vehicles enumerated in tariff items 438a and 438b: British preferential tariff, 20 per cent; intermediate tariff, 37½ per cent; general tariff, 30 per cent.

That is to make them the same rate as the others, and when the discount comes off it will equalize them. They will get the 25 per cent rebate.

I was glad during the discussion this afternoon to find my hon. friend from West York and myself were in agreement, as we oftentimes are. He argued at considerable length that there were many materials that were not manufactured in Canada upon which duty was paid. A new item will be introduced placing on the free list a long list of items, some of which were mentioned by my hon. friend this afternoon, with the safeguarding clause, "of a class or kind not manufactured in Canada."

Sir HENRY DRAYTON: Has my hon. friend copies of those resolutions?

Mr. MANION: What will be the rate there?

[Mr. Boivin.]

Mr. BOIVIN: Free. I think you should read them.

Mr. ROBB: 438d—

Sir HENRY DRAYTON: The usual thing, Mr. Chairman, is to supply members with copies of such changes.

Mr. ROBB: I expected my hon. friend would make that statement. I have read Hansard containing his budget, and I would advise him during the dinner hour to refer to it. He will find that he brought down about three pages of changes.

Sir HENRY DRAYTON: Everyone knew about them, and Mr. Fielding had copies. We made lots of changes in committee, but we had the idea that "parliament was supreme".

Mr. LAPOINTE: Hear, hear. My hon. friend is becoming converted.

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

After Recess

The House resumed at eight o'clock.

PRIVATE BILL

SECOND READING

Bill No. 113, respecting the Bronson Company.

WAYS AND MEANS

CUSTOMS TARIFF, 1907, AMENDMENT

The House in committee of Ways and Means, Mr. Duff in the chair.

Customs tariff—438a. Automobiles and motor vehicles of all kinds, n.o.p.: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 27½ per cent.

Mr. McGIBBON: I notice that the Minister of Customs is not in his place, but he made some statement this afternoon in respect to which I should like some information. Probably the Minister of Finance can supply it. The Minister of Customs made the definite statement that Canadian made automobiles were being sold in other countries cheaper than in Canada, excluding the sales tax and the drawback. I would ask the Minister of Finance, in the absence of the Minister of Customs, to give us details in that regard. This is a very important question, to my mind, because it is one in which the consuming public are vitally interested. If it is true, the public should know it; if it is not true, I do not think a wrong impression should go out.

Mr. ROBB: The Minister of Customs will be in, I imagine, before we get through with the next item. He has the papers with him, and I am sure he would not have made that statement had he not known it to be true. Does my hon. friend say it is not true?

Mr. McGIBBON: I do not believe it is true. I do not see how it could be possible for a Canadian manufacturer to send an automobile to England, pay the duty on it, and sell it over there cheaper than it would be sold in this country. I am only asking for information, because I think this is a question on which the people of this country should know the facts.

Mr. ROBB: That statement is not limited to automobiles. We have heard it frequently made in this House regarding other commodities. My hon. friend has been here almost as many years as myself, and he must have heard that argument applied to other goods.

Mr. McGIBBON: But I have never had any proof that it is true.

Mr. CHAPLIN (Lincoln): The allegation has been made in reference to agricultural implements especially, and it has never been proved. It was always denied.

Mr. ROBB: And in regard to flour.

Mr. CHAPLIN (Lincoln): The hon. minister knows more about flour than I do. He probably knows how it is done.

Mr. MANION: It has often been stated that flour manufactured in Canada is sold more cheaply in other countries than in Canada, and just as a matter of information I should like to know if that is true.

Mr. ROBB: I have heard the statement.

Mr. MANION: I have heard the statement too, but I want to know if it is true.

Mr. COOTE: I submit, Mr. Chairman, that this is entirely out of order, and I would ask you to try to keep this debate to the point.

The CHAIRMAN: If there is no further discussion of item 438a we might pass on to the next, on which the hon. member for Muskoka-Ontario could ask his question.

Sir HENRY DRAYTON: We have been discussing this matter at large, and I think we might as well discuss this item and 438b together, because the subject matter is about the same.

The CHAIRMAN: Then I will read 438b as proposed to be amended:

Customs tariff—438b. Automobiles for conveying passengers only, n.o.p., valued at retail, when new, with standard equipment complete at not more than twelve hundred dollars each; motor cars or motor trucks (not for railways or tramways) for carrying goods only; motor cycles; chassis for motor vehicles specified in this item: British preferential tariff, 12½ per cent; intermediate tariff, 17½ per cent; general tariff, 20 per cent.

The new item 438c reads:

Customs tariff—438c. Tops, wheels, and bodies, n.o.p., for motor vehicles enumerated in tariff items 438a and 438b: British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Sir HENRY DRAYTON: I think, Mr. Chairman, we should discuss the two main automobile items together, and deal with 438c when we reach it.

Mr. ROBB: I think so.

Mr. MANION: Would the minister explain what he means by that phrase in 438b, "valued at retail when new"?

Mr. ROBB: This applies to automobiles where the duty is 20 per cent. As every hon. member knows, there are men who sit up nights planning how they may beat governments and customs house officers, and it was represented to us that a car coming under the 27½ per cent rate might be run around for two days and then represented to the customs as not a new car, and that it should be allowed to come in under a lower valuation.

Mr. MANION: This is just taken at the retail price?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: I have been waiting for the Minister of Customs to come into the chamber; he gave us a very interesting illustration of how the Canadian manufacturer exploited the tariff by using the goods of the American exporter here instead of the Canadian product. It was very interesting, but not at all illuminative of the point. Perhaps we can get a case where we are dealing not with an importer of American goods, some agent here who, through the tariff, is enabled to get ahead of the Canadian public, but with a Canadian manufacturer who is doing what the government have alleged, although I do not think they meant it, they have done; that is, exploit the Canadian people. It would be so much better if we could have an illustration of the charge made. The figures given by the Minister of Customs may be absolutely right, but they have noth-

ing to do with the case. The question here is whether or not the Canadian manufacturer was exploiting the tariff; I do not know whether he was, but the statement was made, and illustrating that statement we have something the American importer is doing. I would suggest that if the government really has anything, they should let us have it.

Mr. CHAPLIN (Lincoln): According to the figures given by the Minister of Customs an American manufacturer of cars provides a car at an American list price of $3,500. He is allowed to discount that price in here, as the minister says, by means of a fake company. I would like to know why the minister and others are not preventing this fake business. Whose business is it to look after that sort of thing? Just look at the figures; it seems to me there is something more than smuggling that needs to be taken care of in this country, if those figures are correct. A car valued at $3,500 is discounted to bring it down to $2,800; it pays duty into this country and is sold at $5,400. That, on the face of it, shows incompetency on the part of the customs, if nothing else. That illustration is provided to show that the Canadian manufacturer is doing the same thing, but does it explain it? No. But the minister says the Canadian manufacturer is allowed to compete with that sort of thing and does not compete with it; he is allowed to charge the same price because the other man does it. That is the lamest argument I ever heard of, and I would like to hear the Minister of Customs explain it.

Mr. ROBB: I expect the Minister of Customs to be here in a few moments. I have no quarrel with the statement just made by my hon. friend. When we began going into this automobile question I discovered for the first time—and it was also a surprise to the present Minister of Customs—that that method had prevailed for some years under previous governments. They made this arrangement; they had a ruling on it, and some of them had a discount of as much as 35 per cent. It was not only the dealers, but we discovered that some of the manufacturers were taking advantage of that and were bringing in cars and reselling them.

Mr. CHAPLIN (Lincoln): That is the fault of the customs.

Mr. ROBB: Surely; I will admit that at once; I will admit that that should not prevail. It is not fair.

Mr. CHAPLIN (Lincoln): I have heard of similar cases. For instance, we have a law on our statute books providing for the goods to be entered at the fair market value on the other side. How do they find out the fair market value? They do it by making a sale to somebody. In other words, a manufacturer in the United States will go to New York and give a whole district comprising three or four states to one firm; they will make that firm responsible for the district and give them the outside discount. That is the discount used to come into Canada, and these very people, by means of what the minister describes as fake companies, are allowed to sell these cars at 20 per cent off another list. On the very face of it that shows that the customs is being robbed, but how on earth the minister can blame the Canadian manufacturer for this same thing I cannot understand.

Mr. ROBB: I do not blame the Canadian manufacturer.

Mr. CHAPLIN (Lincoln): I am speaking of the Minister of Customs. How he can conclude from that that the Canadian manufacturer is to blame for this condition is something I cannot understand. The Minister of Finance told us he did not want to injure either the automobile manufacturer or the manufacturer of parts, that in fact what he wanted to do was to have more cars and more parts made in this country, and he was going to accomplish that by this reduction. And he said that in respect to the Cadillac car he expected to have them or their parts made here. That shows at once that the minister and his advisers do not know the question at all. The Cadillac car, in the quantities used in this country, could not be made here; it is an absolute economic impossibility. This is not the kind of car that can be made in Canada. The duty on these cars should be kept higher, because they are for the rich people who can afford to pay and should pay for them. Nothing can be done by this or any other government to have that car manufactured in Canada.

I am not an automobile manufacturer, but I have something to do with the parts business and I know something about it. The minister says that he is not going to hurt the parts people at all, and he would like to know how he is doing so. First of all, as I pointed out before, in order to conserve this parts business, you must have the automobile industry conserved; the parts people are simply out of luck if the automobiles come in from the United States as such. How can you expect me, as a manufacturer, to supply a rim or a wheel or a hub or any other part of that car if the car comes into

Canada fully manufactured? It cannot be done. Now the minister brings in a new resolution in respect to wheels and parts of cars. We have not reached it yet, but in it the duty is made a little higher than on the finished car. That is not practical.

Mr. ROBB: There is a drawback of 25 per cent.

Mr. CHAPLIN (Lincoln): But even if that is taken off, this is worth nothing. In other words, everyone knows that you cannot charge a higher rate of duty on the parts than on the finished car. That is unbusinesslike and impracticable, and I will show the minister why, under his very resolution. Let us assume that 50 per cent is made by the automobile manufacturer in the way of the body, the chassis, the frame, or otherwise. Then he sets out to buy the other parts of the car. There are some small accessories that must be brought in. The manufacturer of the car looks around to see where he can get his parts. He has to buy his wheel, he may have to buy his engine, and may have to buy the body and top. Some manufacturers make these and then buy the remainder of the car. He comes to me as a wheel manufacturer, and what does he say? He says, "If I import those wheels from the United States I can bring them in on that duty less 25 per cent. How much can you save me of this duty?" Now that is the business end of it. These wheels have to be supplied, therefore, at less than the American price plus the duty, saving the manufacturer of cars probably one-half the duty. I ask the minister, what good to me is the 20 per cent tariff on wheels? It is not worth a snap of the finger.

Mr. STEWART (Edmonton): Surely my hon. friend does not argue that he must sell the wheel at the American price plus half the duty or he will not get the business? He does not contend that the Canadian manufacturer would force him into that position?

Mr. CHAPLIN (Lincoln): The hon. minister has not been in the business and does not know the practical side of it. In the first place, every one of the manufacturers are exporters of wheels. We as manufacturers of wheels, or of the bodies or tops or anything else, try to get as much of that export business as we can, and by getting the rebates of duty we must, if we want the business, meet the American price. Having done so on part of the export business, they say to us, "Now we have given you so much of the export business you are able to make your whole article for less money, we expect you to do it, and we are doing it by means of the export business and the volume of trade." You could not do it otherwise, and if by any chance any of the export business is lost to us we could not make the article that we are making, even at the price we are. It is impossible to do it. I do not know whether I have made that clear or not.

Mr. STEWART (Edmonton): No, I do not follow my hon. friend.

Mr. CHAPLIN (Lincoln): As a matter of fact the process is this: when we make goods and the American manufacturer comes over here he says to us, "You must show us some reason why we should not buy these goods in the United States. If we buy them in the United States we pay a certain rate of duty, but on that wheel we are making in the United States we have a profit, and if we give that business to you we lose the profit we are making in the United States," so that we have got to come down below the American price plus the Canadian duty.

Mr. ROBB: Before we get too far away from the observations of my hon. friend, who is in the business and understands it, I may say I was impressed with his argument when he first started. He quoted the case of a car similar to the Cadillac and said it was impossible that that type of car could be made profitably in Canada, and for that reason we should put on a higher duty.

Mr. CHAPLIN (Lincoln): Not on account of the type of car, but on account of the quantity of production.

Mr. ROBB: He said that they could not be built in Canada, and for that reason we should keep up the tariff and get the revenue. I do not agree with my hon. friend, but he is in the business and knows better than I do.

Mr. CHAPLIN (Lincoln): I am not in the business. That is my own personal opinion.

Mr. ROBB: If my hon. friend is right, why not take off the duty altogether and put on an excise tax of 50 per cent; then the government would get all the revenue? I do not say my hon. friend's argument is right, but if it is, why should we not do as I suggest?

Mr. CHAPLIN (Lincoln): That is for the government to decide. I have given my own opinion. So far as that particular car is concerned, the only work you get out of it if you bring it into Canada in parts is the assembling cost. But the hon. minister knows right well, and the gentleman sitting

in front of him can tell him, what the assembling cost of a car is. It is a very very small item, and if it is to assemble the car only, I simply say that so far as the employment of labour goes it does not amount to a hill of beans.

Mr. ROBB: I do not agree with my hon. friend. I believe Canadians can do this work as well as they can in the United States, and it is to their advantage to manufacture in Canada because of the export business. They would not get the advantages they have in Canada if they were shipping from the United States. I will admit at once that they are under a little handicap because of the fair market value in the country of origin. If they get their fair market value down a little lower in Canada they will be in a more advantageous position to export. I know that the fly in the ointment was the clause providing that they must manufacture 50 per cent in Canada, but some of them had frankly admitted that they had no objection to that. Another matter which I have not mentioned before is that for the first year we are going to put them on a 40 per cent basis in Canada and give them up to March 31 next year to get up to the 50 per cent basis. That will give them leeway enough, and I have the assurance of the automobile men—Mr. Russell and Mr. McLaughlin; I forget the other gentleman's name, representing one of the other companies—that they think they can come to that figure within that period. I am told the Ford people are over that; they are quite satisfied and are not finding any fault. The policy of the government is to encourage the additional manufacture of these goods in Canada, and we believe this measure will help us.

Mr. CHAPLIN (Lincoln): The minister has confidence that Canadians can do this work. So have I. But they cannot work against impossibilities. They cannot manufacture a few cars of a certain type at any cost on the basis of which they can sell them. Surely that must be clear. No matter what the minister does; whether he makes it 50, 60 or 70 per cent, we are not going to make this range of high priced cars in this country. The tooling cost of one of those cars is so immense that it would never pay to make them in Canada. The matter is one of dollars and cents. To put out an absolutely new model car the tooling cost is more than half a million dollars. If you spread that over a thousand cars made on this side, what do you have? You have an impossible proposition at once. Such a car can never be made in Canada and if the minister has any expectations along that line he is going to be disappointed. Any arrangements made regarding the smaller car are sound, but any arrangements regarding the higher priced cars are absolutely unsound. I would not undertake to make a wheel for a car like the Cadillac. You would not get your tooling cost out of the profits on it in five years. What applies to that article will apply to every other article about the car.

Mr. BOIVIN: If that be the case why does my hon. friend object to allowing those cars to come into Canada at a reasonable rate of duty?

Mr. CHAPLIN (Lincoln): On those high priced cars I think the rate of duty should be as high as it can be placed. A man who can afford to buy a Cadillac or any other car at $4,000 or $5,000 should be taxed to the limit.

Mr. BOIVIN: That man is already taxed 27½ per cent of the value of his car plus a 5 per cent sales tax, a 5 per cent excise tax on $1,200 and a 10 per cent excise tax on the balance over $1,200. What more protection does the hon. member advocate for a high priced car?

Mr. CHAPLIN (Lincoln): As regards luxuries I would impose a tax as high as possible. They were brought in under a duty of 35 per cent and people who can afford to buy a high priced car will import it even if the duty is 50 per cent.

Mr. BOIVIN: Then my hon. friend gets away entirely from his argument of protection.

Mr. CHAPLIN (Lincoln): The question is one of revenue, not protection at all.

Mr. BOIVIN: This is the first time that I have heard my hon. friend agree with us that the tariff should be for revenue and not only for protection.

Mr. CHAPLIN (Lincoln): I never argued that.

Some hon. MEMBERS: Oh, oh.

Mr. CHAPLIN (Lincoln): Hon. gentlemen are very easily pleased, but if they will look over my addresses in this House on the French treaty they will find that I have advocated consistently a duty as high as possible on all imported luxuries. A high priced car is a luxury if there ever was one. There is not a bit of protection in such a duty.

Mr. MORAND: Surely there is an element of protection. If you raise the duty to 75 or 100 per cent you are going to force a certain number of people in Canada to buy cars

manufactured in this country. Those who can afford it will pay the higher rate of duty, but those who cannot will buy cars manufactured in Canada.

Mr. BOIVIN: I shall be glad to answer my hon. friends opposite when they can agree amongst themselves. One argues that it is tariff for revenue only—

Mr. CLARK: Nobody argues that.

Mr. BOIVIN: I heard that argument of my hon. friend from Lincoln just a few moments ago.

Mr. BOYS: The minister misinterpreted it.

Mr. CLARK: The minister did not hear all the argument this evening.

Mr. BOIVIN: I am sorry I was not here early enough to hear the whole argument, but if I wait to read it in Hansard I shall have to wait until to-morrow afternoon.

Mr. CHAPLIN (Lincoln): The hon. member understands perfectly what I mean. I give him credit for more common sense than he is trying to make out he has.

Mr. McGIBBON: I should like to ask the Minister of Customs the question I asked the Minister of Finance a few minutes ago. The Minister of Customs stated this afternoon—and his confrères nearly smashed the tops of their desks in applauding his statement—that Canadian manufacturers were selling their automobiles in foreign countries at a lower price than they were selling them in Canada less the drawback, sales tax and all other taxes. That means that the manufacturers were exploiting Canadian consumers. I should like to ask him now to give us the details, the price of any particular car he wishes after deducting all the taxes, and the price that it is sold at in this country and any other country he likes.

Mr. BOIVIN: I am afraid my hon. friend did not exactly understand me this afternoon.

Mr. McGIBBON: I understand the minister perfectly.

Mr. BOIVIN: I said that for the purpose of my argument I was willing to eliminate the sales tax and the excise tax. It is well understood by all of us that the sales tax and the excise tax are not collected on cars exported. I further said that when a car manufactured in Canada is exported to a foreign country, the Canadian manufacturer charges a lesser rate than he charges in Canada and the difference in the rate is the amount of the drawback which he receives on the United States parts and materials which go into that car. I have tried to follow and carry out my argument by saying that if parts upon which at the present time a duty is paid and a drawback given should come in free and if other parts should come in with a reduction in duty, the Canadian consumer can get the benefit of that reduction just as well as the consumer in New Zealand, Australia or any other country to which those cars are exported. In every case the same amount of Canadian labour is used and the same wages are paid. I claim that the government by reducing the duty on the car and at the same time reducing the duty on some of the parts and putting on the free list a number of parts that are not made in Canada—that cannot by any stretch of the imagination hurt Canadian industry—will reduce the price of the car to the Canadian consumer. If my hon. friend wants me to tell him the exact difference in price in regard to any particular make of car I will admit frankly I have not that information before me. I have seen it; I can get in the department copies of the orders in council passed by the government fixing the exact amount in dollars and cents which is allowed to every Canadian manufacturer as drawback upon the special make, special model and special type of car exported to a foreign country. I do not happen to have the information before me, but that is the difference between the cost of that car to the foreign consumer and the cost to the Canadian consumer. Once more I say that except in so far as it is necessary to protect to a certain extent the part manufacturers in Canada, there is no reason in the world why the Canadian consumer should pay any more for his car than the foreign purchaser of the same car.

Mr. McGIBBON: The minister has now given us an entirely different version from what he said this afternoon.

Mr. BOIVIN: It may appear to be an entirely different version to my hon. friend. Perhaps I was not clear this afternoon. I want to assure my hon. friend that if I did not say that this afternoon, I surely wanted to.

Mr. McGIBBON: I am glad to hear that, but the Minister of Finance received the same impression that I did. It is a statement that has been made in this House and on the hustings almost from time immemorial in regard to not only automobiles but agricultural implements and everything else. In fact the Minister of Finance asked me a few moments ago if I disputed it. I am glad to have

the minister state now that when I disputed it I was correct, that is that there is no more reduction than the drawback that is received on cars exported from this country.

Mr. BOIVIN: I am told that when I was absent from the chamber there was perhaps a little misunderstanding concerning a statement made this afternoon, namely, that a United States manufacturer of a motor car actually received more for his car sold to a Canadian consumer than he did for the same car sold to a United States consumer. I understand some hon. members said that if that was the case the Department of Customs and Excise was to blame and the matter should be corrected. While that condition exists—and it does exist as we all know—it has existed since long before this government came into power. It is carrying out that provision in the Customs Act, that the value for duty of an automobile shall be the value in the country of origin when sold in like quantities to dealers of a like class. It is true that there is a clause in the act giving the Governor in Council authority to change that provision by order in council, but the power has never yet been invoked by this or any other government.

Mr. CLARK: Was it not invoked in connection with agricultural implements in 1924? Was there not passed at that time an order in council such as my hon. friend refers to?

Mr. BOIVIN: An order in council may have been passed changing the dutiable value of agricultural implements; I was not a member of the government at that time. But I was referring to automobiles.

Mr. CLARK: The minister said that the power to change the value by order in council was never exercised.

Mr. BOIVIN: What I said was that we had the power to make the change by order in council but that it was never taken advantage of by this or any other government. There, again, there seems to be a misunderstanding. What I had reference to was the value for duty of automobiles imported into Canada. I am referring to the American automobile manufacturer. He has a subsidiary company in Canada and in most cases that subsidiary company is represented only by a customs broker.

Mr. CHAPLIN (Lincoln): That is what you refer to as a fake company?

[Mr. McGibbon.]

Mr. BOIVIN: Yes. I am not speaking of the General Motors or any other company assembling parts in this country. I am referring to concerns who have no assembling plants in Canada but who, nevertheless, sell their cars on the Canadian market. They have in this country subsidiary companies which do nothing but collect all orders forwarded to the parent company, and then come before the collector at the border point at which the cars come into Canada and represent themselves as distributors for the parent concern. They contend that inasmuch as they are distributing cars in such enormous quantities they are entitled to the same rate of discount as distributors doing the same quantity of business in the United States. There is some semblance of right in their claim. They take the view that distributing, as they do, all cars sold in the Dominion for the parent company they ought to receive, for duty purposes, the same rate of discount as is given to distributors of like quantities in the United States. In that way they get a 30 per cent discount on the value of the cars and they pay a duty on 70 per cent of the value. I should not care to mention any names, seeing that the matter is treated with secrecy in the department; but without being specific I may say that one concern is getting a discount of 35 per cent. In other words, it is paying only 65 per cent of the value of the cars. These people pay the sales tax and excise tax plus the duty on 65 per cent of the value.

Mr. CHAPLIN (Lincoln): And does the minister expect us to manufacture against that sort of thing?

Mr. BOIVIN: We do not expect the Canadian to manufacture against that sort of thing, but as a matter of fact that is what he has been doing right along without complaint. He has been getting the benefit of his entire protection, because in spite of the fact that these people receive all these discounts, they have never passed them on to the Canadian consumer, who has been obliged to pay the full price plus the full duty and the sales and excise taxes.

Mr. MANION: The minister says that there is some regulation in the Customs Act by which the government by order in council may fix the value of goods being imported into this country. I take it therefore that this is a matter that need not come before parliament. If therefore the government desire to do so they can, after this budget

is adopted and the House prorogues, fix by order in council the dutiable value of automobiles coming into Canada, say 50 per cent higher than it otherwise would be, and this without submitting the matter to parliament.

Mr. BOIVIN: I am glad that my hon. friend has asked that question. Let me tell him frankly that the government have not so far considered applying section 42 of the Customs Act.

Mr. MANION: I was merely asking the question for information.

Mr. BOIVIN: Section 42 of that act reads:

If any difficulty arises in determining the fair market value for duty of goods imported into Canada, which are the manufacture or production of foreign countries or Great Britain, such as musical instruments, sewing-machines, agricultural machines or implements, medical preparations, commonly called patent medicines, and other goods, the prices of which are published by the manufacturers or producers, or persons acting on their behalf, the governor in council may, from time to time, fix and determine a certain rate of discount which may be applied to such published prices of any such manufactures or productions, and such published prices, subject to deduction of the amount of discount according to such rate, shall be deemed and taken to be the fair market values of any such manufactures or productions respectively as are specified in such order in council.

That is the authority and I interpret it as a provision intended to prevent abuses. It was never the intention of that clause to enable any government to decide by order in council that the duty should be collected on the retail price of an article, and so long as I remain Minister of Customs the clause shall never be so interpreted. If however I do find that there is abuse, if I find that any American corporation is bringing cars into the country on a 35 per cent discount and then disposing of them to the Canadian dealer at a discount of only 20 per cent, I shall ask my colleagues to pass an order to ensure that they pay the duty on the price of the car, less the discount they give to the Canadian dealer.

Mr. MANION: The idea is to prevent dumping.

Mr. BOIVIN: Yes.

Mr. MANION: I have no quarrel with that; I simply want to have the point cleared up. The other evening, in conversation with a gentleman who was on a visit to the city, I gathered that the government could fix for customs purposes the retail price, if you will, or could alter the whole valuation of the car. I understand from the minister, however, that unless any dispute arises or some such eventuality as he suggests, this will not be done.

Mr. BOIVIN: The intention is to prevent abuses.

Mr. McLEAN (Melfort): With regard to the point raised by the hon. member for Muskoka-Ontario and which has been discussed a good deal this evening, I hold here a piece of specific information which I think I should submit to the committee. It is an article taken from the Lethbridge Herald of April 27, 1926. The Lethbridge Herald is, I think, a reliable paper, and under the caption "Protection that protects" it states editorially:

It is little wonder that Canadian motor car manufacturers have been wailing loudly about some of their protection being taken away from them: why shouldn't they when an Oshawa-made automobile which costs $2,090 in Oshawa, can be bought for $1,295 at Nassau in the Bahamas, British West Indies?

Gerald A. Sweeting, now living in Toronto, who formerly lived in Nassau, ordered a 5-passenger McLaughlin sedan there. He could have bought it for $1,295. When he tried to buy the same car in Oshawa, where the factory is located, he was asked $2,095. Both cars were from the Canadian factory, the Nassau car being made for export.

In explaining how this $800 difference in a $1,295 car comes about, the factory officials explain that there is a 5 per cent sales tax and a 10 per cent luxury tax which are not paid on the export cars.

It is also pointed out that, to help the export trade, a 99 per cent drawback of the duty on imported parts is allowed. But with these figures in mind, the general public will still be left with the impression that the Oshawa manufacturers will be able to get along very nicely with 27½ per cent protection on higher priced cars as against the old import duty of 35 per cent.

Now, Mr. Chairman, the old saying is that where there is smoke there is fire. It is not always true, but generally it is.

Mr. MORAND: Oh, oh.

Mr. McLEAN (Melfort): The hon. member for East Essex laughs, but when so many intelligent people in this country are firmly convinced from their own knowledge and from the knowledge of their friends that certain articles, highly protected in Canada, are sold in foreign markets at lower prices than are available to the domestic consumer, there is some reason for their contention that the duty should be reduced so that Canadians should not be compelled to pay higher prices for a Canadian product than those at which it is sold to people in other countries. We are all familiar with the argument that if we have not high duties to protect the domestic market, foreign manufacturers will dump goods on us at lower prices than those at

which they sell those goods at home. If it is fair to assume that German, American and other manufacturers do this, we may also assume that Canadian manufacturers will also follow the same course.

Mr. COOTE: No, no.

M. McGIBBON: Will the hon. member tell us what proof there is for that statement?

Mr. McLEAN (Melfort): There is no proof in this statement, but here is a reputable newspaper circulating—

Mr. McGIBBON: And members of this House are doing so.

Mr. McLEAN (Melfort): I am quite satisfied there is as much truth in this statement as there is in many of the statements that have been put on Hansard this session.

Mr. MORAND: The hon. member referred to my laughing. I laughed because he said he could give a specific instance, but what there is specific about the statement he read is beyond my comprehension. There is nothing specific on the face of it, it is simply a general statement.

Mr. McLEAN (Melfort): There is a statement that a Canadian citizen living in Toronto went to Nassau, in the Bahamas, British West Indies and could have bought a five-passenger McLaughlin sedan for $1,295, but when he tried to buy the same car in Oshawa, where it is manufactured, he was asked $2,095. Could there be anything more specific than that?

Mr. LAPOINTE: What is the meaning of "specific"?

Mr. MANION: In medicine it has a bad meaning.

Mr. MORAND: But to that price you have to add taxes, freight—

An hon. MEMBER: Freight!

Mr. MORAND: Well, there is a luxury tax and there is also a sales tax. But what I am referring to is that the writer of the article makes no mention whatever about the taxes and difference in equipment; he simply makes the statement that there is a difference in the two prices. Of course there is, we all admit that; but the difference is made up by reason of other conditions which do not enter into the price of the exported car. If there was anything specific about the statement it would specify what the taxes were and the amount of freight on that car.

Mr. DUNNING: What about freight?

[Mr. McLean.]

Mr. ROSS (Moose Jaw): Would the Minister of Finance tell us the amount of the excise tax and luxury tax on a $2,095 car in this country.

Mr. McLEAN (Melfort): Mr. Chairman, for the satisfaction of the hon. member who did not hear me read this article, I said it went on to explain that there is a 5 per cent sales tax and a 10 per cent luxury tax, which taxes are not paid on the export car. Figuring that roughly,—I do not pretend to give the amount to the exact cent, it would amount to $183. Add this to $1,295, and you have a total of $1,478, which would still leave a difference of $600 odd, to which should be added freight.

An hon. MEMBER: There is no freight at Oshawa.

Mr. McLEAN (Melfort): I know. The freight to Nassau should be added to the $1,295.

An hon. MEMBER: No, it should be taken off.

Mr. McLEAN (Melfort): It should be taken off the $2,095 and added to the $1,295.

An hon. MEMBER: No.

Mr. McLEAN (Melfort): Mr. Chairman, hon. gentlemen are convinced that the freight should not be added to the price of the car at Nassau.

Some hon. MEMBERS: Oh, oh.

Mr. McLEAN (Melfort): Perhaps I am a little thick-headed to-night, Mr. Chairman. The car goes to a foreign port, and I take it the freight charges should be added to the price.

Some hon. MEMBERS: No, no.

Mr. McLEAN (Melfort): Wait a moment. I take it the freight should be added to the Canadian price, that is, the freight charged on the carriage of the car to the foreign port.

Mr. MANION: You are right this time.

Mr. McLEAN (Melfort): There is still a difference of $800.

An hon. MEMBER: More.

Mr. McLEAN (Melfort): Anyhow, the statement is specific that the taxes amount to $183. If that $183 should be added to the $1,295—

Mr. NICHOLSON: What about the drawback?

Mr. McLEAN (Melfort): To find out what that car cost in Canada you must add the taxes from which the export car is exempt to the price of that car at Nassau. Putting these taxes at $180, and adding this amount to the $1,295, the relative price would be approximately $1,475.

Mr. NICHOLSON: What about the drawback in duty?

Mr. McLEAN (Melfort): Deducting that $1,475 from the $2,095 would leave a difference of over $600. Now, the car sold in Oshawa at approximately $600 more than the similar car could be obtained for in Nassau. To that price you must certainly add the freight to Nassau, for undoubtedly the car did not get there by itself.

Mr. FORKE: The Nassau car was sold for $1,295?

Mr. McLEAN (Melfort): Yes. There is a specific case of a commodity made in Canada, apparently under a high tariff, being sold abroad at a lower price. The same is true all along the line. We are told that we must have a high tariff in Canada to enable our manufacturers to sell their goods in the foreign market. As I say, if the American, German and other manufacturers sell their goods abroad at a lower price than they charge for them at home, is it not reasonable to assume, in spite of the denial of my hon. friends opposite, that the Canadian manufacturer might be tempted to do the same?

Mr. KAISER: I think if the hon. gentleman would take the trouble to investigate he would learn that a car made in Oshawa for export differs materially from the car intended for the domestic home market. Our manufacturers have to study the requirements of the foreign market. I asked Mr. Keller why it was that some of his cars sold for less in the south, and he replied:

9 p.m. You must remember that the southern country is a cotton country, and the linings are put up in cotton, which is much cheaper, whereas in a northern country your linings must be made of different materials costing two and a half or three times as much as the cotton linings. I am certain that if my hon. friend would investigate all the details he would be satisfied that there is no misrepresentation on the part of the manufacturers.

Mr. McLEAN (Melfort): But this car was made in the same factory.

Mr. KAISER: I tell my hon. friend that they make a different car for every market.

An hon. MEMBER: You do not get mass production that way.

Mr. STANSELL: Mr. Chairman, I am quite satisfied that quotations even from the editorial columns of reliable newspapers are not sufficient proof to make this discussion valuable. For example, I have on my desk a copy of a reliable publication—at least I presume so, for it supports my friends opposite—and it has some glaring headlines and speaks in no complimentary terms about certain members of this House. I want to know if my hon. friend is willing to be judged by the statements in this reliable paper.

Mr. McLEAN (Melfort): Read it. I cannot give an opinion on something I know nothing about. What is the hon. member referring to?

Item agreed to.

Customs tariff—438c. Tops, wheels and bodies n.o.p. for motor vehicles enumerated in tariff items, 438a and 438b: British preferential tariff 20 per cent; intermediate tariff, 37½ per cent; general tariff 30 per cent.

Mr. CHAPLIN (Lincoln): Before the Minister of Customs was in the House I made a few remarks in reference to a statement he made before six o'clock. He referred to what I supposed was the hypothetical case of a car which was invoiced into this country at $3,500, was discounted at a certain manufacturers' discount—

Mr. BOIVIN: At 30 per cent.

Mr. CHAPLIN (Lincoln): At 30 per cent, and was landed here, or paid duty, at $2,800

Mr. BOIVIN: At $2,450.

Mr. CHAPLIN (Lincoln): Paid duty on $2,450, and it sold at $5,414.36. The minister says that the law on our statute book allows us to accept as a fair market value the lowest price at which these cars are sold in the United States. He admits that in order to reach this low price a fake company has to be established in this country in order to enable these people to come out on the same basis as a large corporation in the United States, and that these men are allowed to sell these goods to our people on this side so that a tremendous profit is made, and that the customs must necessarily on that basis be beaten out of thousands of dollars.

Mr. BOIVIN: I did not say that.

Mr. CHAPLIN (Lincoln): That is the effect of what the minister said, because undoubtedly due to the under-valuation it cannot be otherwise. If a man who establishes a fake agency on this side is allowed to go

out and market goods at pretty nearly double the price he ought to charge, there is evidence on the face of it of something wrong. But the minister does not stop there. He says, forsooth, that the Canadian manufacturers avail themselves of that price and sell goods on equal terms, and consequently are just as bad. Will the minister, after having made that statement—he must have had a specific example in mind—tell us of one or two cars made in this country that sell at a price equal to this $5,414.36?

The CHAIRMAN: Before the minister answers, let me call the attention of the committee to the fact that we are now discussing item 438c:

Customs tariff—438c. Tops, wheels, and bodies, n. o.p., for motor vehicles enumerated in tariff items 438a and 438b.

We are not dealing with the automobiles now.

Mr. CHAPLIN (Lincoln): Mr. Chairman, these items were to be discussed together. I brought this matter up, you will remember, before you declared the previous item carried.

The CHAIRMAN: I might say to the hon. member that I asked the committee to allow the four items to be discussed together, but the hon. member for West York said no, that we would discuss together items 438a and 438b, leaving items 438c and 438d to be discussed separately. We have passed items 438a and 438b after a long discussion, and I must ask the committee to keep to the item under discussion.

Sir HENRY DRAYTON: Are we discussing tariff items, Mr. Chairman?

The CHAIRMAN: Yes.

Sir HENRY DRAYTON: Are we discussing the effect of tariff items, their relationship and their reactions on Canadian business? Then can we discuss intelligently the effect of a tariff on tops, wheels and bodies, when at the same time we are not permitted to discuss the basis of valuation of the completed car which comes in in competition with those bodies? It is impossible properly to consider the duty which is to enable Canadian manufacturers of parts to compete with what is their competition, namely, completed American cars coming in here, unless we can refer to the practices which have to do with those American cars. I think the Chairman will see, when he considers it, that he cannot eliminate the discussion of the other items.

[Mr. J. D. Chaplin.]

Mr. ROBB: If you will permit me, Mr. Chairman, I quite appreciate that you want to be fair with us all, and that your ruling is intended to expedite business, but inasmuch as items 438a and 438b are automobile items, may I suggest that you allow pretty wide latitude in this discussion?

The CHAIRMAN: I think some hon. members are jumping too hastily to conclusions. I did not make any ruling as to what should be discussed. All I called attention to was the fact that we are discussing this particular item, and that we should endeavour to keep as closely to it as possible. I think the committee will agree that I have given as wide latitude as possible, both yesterday and again to-day, and I intend still to do so. But we must not get too far away from the item under discussion and repeat matters that have already been discussed, and pretty well decided, on previous items.

Mr. MANION: If you will remember, Mr. Chairman, the Minister of Customs was not in the House when the hon. member for Lincoln first brought this matter up, and it was remarked that when he came in he would answer it.

Mr. BOIVIN: I agree entirely with your interpretation of the rules, Mr. Chairman, but as the question has been asked, I would not like to have it appear that the minister was unable to answer it. So I hope the committee will be indulgent and allow the answer to be given, and then we can take up the next item in the regular way.

If I understood the question correctly, my hon. friend asked me to give the name of some specific car that came in in this way, or of some specific car where the Canadian manufacturer got the same protection, or the improper protection, that I have pointed out.

Mr. CHAPLIN (Lincoln): If the minister will allow me to interrupt, he is very skilfully putting my question in his own way. I prefer very much to put my question in my own way. The minister gives the House a hypothetical case of a car being brought in from the other side. I do not question that; I believe that it can be established. Now I ask him, in view of the fact that he said the Canadian car was taking advantage of a similar price for a similar car, to name a car made in Canada that approximates this car sold at $5,414.36. I asked him to name two cars; I will ask for only one.

Mr. BOIVIN: I told my hon. friend that before six o'clock; I gave him the answer. My hon. friend well knows that there are two cars on the market to-day, one, which is supposed to be a Canadian car, known as the Cadillac limousine sedan, which was priced in Canada just previous to the change in duty at $5,600, and the other a Pierce-Arrow seven-passenger limousine sedan. The car imported direct from the United States, costing $3,500 in that country and $5,414.36 here, plus $180 for freight which brings it up to $5,600, is a Pierce-Arrow. The Cadillac limousine sedan, which is supposed to be a Canadian car—I do not know whether it is assembled here or imported from the United States, but it is sold here as a Canadian car—is sold at exactly the same price as the other American car. They both sell in the United States for $3,500 and in Canada for $5,600.

Mr. CHAPLIN (Lincoln): If the minister will say that either of these cars is a Canadian car in any sense of the word I will admit that he is right. There may be some force to his argument, but neither of these cars can be classed as a Canadian car, and I defy the minister to name one solitary car made in Canada against which company the claim he made a few moments ago can be substantiated.

Mr. BOIVIN: I wish my hon. friend were so absolutely right every time he defies anyone on this side of the House. He knows very well that I cannot name a Canadian car which is sold in this country at $5,600, because there is no Canadian car made in Canada which is sold at that price. But if my hon. friend wants me to start my calculations all over again and take a $1,200 car or an $1,800 car, he will see that the proportions work out in exactly the same way. The American manufacturer, instead of putting $500 into his pocket on a $5,000 car, will put $100 in his pocket on a $1,000 car.

Mr. COOTE: I wonder if the minister could explain something to me. The price of the Ford coupe in the United States is given as $500, while in Canada, since the new prices have been published it is listed at $625, an increase of $125 or 25 per cent. The Tudor sells in the United States at $520 and in Canada at $650, an increase of 25 per cent, while Fordor sells in the United States at $565, and in Canada at $710, or an increase of 25.6 per cent. The tariff as fixed in the new schedule is only 20 per cent, and yet these cars are sold in Canada at an increase of 25 per cent, 25 per cent and 25.6 per cent respectively over the United States price. Possibly the Minister of Customs can explain that.

Mr. BOIVIN: Yes, I think I can explain that to my hon. friend. It may be that the published price of the Ford car in Canada includes sales tax and excise tax.

Mr. COOTE: I am quoting from an advertisement appearing in the Grain Growers' Guide, which says:

All prices at Ford, Ontario, Freight and government taxes extra.

Mr. BOIVIN: I still think I can explain it to my hon. friend. The reason is that the American Ford car must be imported by the original purchaser who goes to the United States, buys it, and brings it to Canada. In other words I am informed that there is a business undertaking between the Ford Motor Company of Detroit, Michigan, and the Ford Motor Company of Ford City, by which the United States company will not sell cars to Canadian dealers, and for that reason the Canadian consumer cannot buy an American Ford car from a Canadian dealer. Therefore the company manufacturing Ford cars in Canada are not obliged to limit their price exactly to the difference in duty; they can afford to charge, and they do charge, a little bit more, because they take advantage of the inconvenience to a Canadian citizen in going to the United States and making a purchase, and of the increased rates of freight the Canadian purchaser would be obliged to pay if he bought his car in the United States. They claim that the Canadian car is of better quality, but that explains the difference between the 20 per cent provided for by the tariff and the 25 per cent difference charged by the Ford Company.

Mr. COOTE: Will the minister admit that instead of having a 20 per cent protection under the new schedule, the automobile men really have a protection amounting to 25 per cent?

Mr. BOIVIN: I would not like to admit that. The protection which the automobile manufacturer has is certainly the amount of the tariff rate, that is to say, the amount that a Canadian consumer would be obliged to pay if he went to the United States, purchased his car, paid the duty, paid the sales tax and excise tax, and brought it into this country.

Mr. COOTE: Will the minister tell us how much that is? Is it not practically 24 per cent?

Mr. BOIVIN: No, it is exactly 20 per cent on the retail price of the car. Then there is a five per cent sales tax on the price of the car plus the duty and there is a five per cent excise tax on the price of the car plus the duty as well.

Mr. COOTE: But is there not in the United States a three per cent excise tax which the buyer of the car must pay? That certainly makes 23 per cent, and the 20 per cent is charged on that total, which makes practically 24 per cent. In addition to that, if a Canadian buys a car in the United States he must provide himself with a license of the state in which he buys the car before he can drive that car out of the United States. So the point I would like to bring out—and if I am wrong I hope the minister will correct me—is that the manufacturers of these cheaper cars in Canada to-day have a protection of at least 25 per cent.

Mr. BOIVIN: My hon. friend is certainly right when he says that the individual Canadian consumer going to the United States has to pay a 3 per cent excise tax, and the retail value of that car in the United States is the cost of the car plus the excise tax, so he has to pay duty on that price. When my hon. friend says that amounts to a protection of 24 per cent or 25 per cent I would hesitate to agree, because I would hardly call protection the amount of excise tax the purchaser is obliged to pay to the United States government before he brings his car across the line. But it means practically what my hon. friend says. The reason why in my argument a moment ago I did not take into account the excise tax is that when the car is exported from the United States to Canada, the excise tax is not collected by the United States government. It is used for the purpose of determining the retail value of the car for duty purposes, but it is not collected when the car is sold for export from the United States.

Sir HENRY DRAYTON: By the dealer.

Mr. BOIVIN: By the dealer or by the distributor. I think if it were possible for the consumer to prove export of a Ford car from the United States, that tax would not be collected even from the consumer. But I agree with my hon. friend that it is impossible for the purchaser of a Ford car in the United States to prove export of that car, because the Ford dealers in that country are forbidden to sell cars to Canadians. They can buy them as individuals, pay the American excise tax and bring them across the line themselves, but if the Ford dealer knows the car is to be exported to Canada, he is instructed by the Ford Motor Company not to sell it, owing to the agreement existing with the Ford Motor Company of Canada.

[Mr. Boivin.]

Mr. McGIBBON: I would like to ask the hon. member what class of Ford car he was referring to.

Mr. COOTE: I named them all. I started with a coupe.

Mr. McGIBBON: Very well; that is a closed car. I would like to ask the minister if it is not a fact that you must take from the protection which the customs duties give, the duty on imported parts, for instance; the duty on coal, or the duty on steel. Would that not be a fair reduction from the amount of duty which is placed upon the imported article complete?

Mr. BOIVIN: Oh yes. My hon. friend is quite right when he says that from the protection given on the car we should deduct the duty paid on coal and the duty paid on parts which are necessarily imported from the United States. But I say that with the amendment which was announced by my hon. friend the Minister of Finance just before six o'clock, and which we will reach in a moment, the Ford people will no longer have to pay any duty on any of their parts. They will come in absolutely free, because they are the most complete manufacturing plant in Canada. Everything that is made in Canada is either made by them in their own plant or purchased from a Canadian manufacturer, and all the Ford company imports is the parts which they cannot possibly obtain in Canada. They will derive perhaps more benefit than any other plant from the provision placing parts on the free list, but of course when my hon. friend from Macleod made the statement concerning the Ford car imported by the consumer and made the comparison between the 20 per cent duty mentioned in the tariff and the 20 or 25 per cent absolute protection which the Ford plant had in Canada, he was absolutely right. But that is a special case which relates only to the Ford car.

Mr. COOTE: Would that not apply to the Dodge car, the Buick, and almost any other car assembled in Canada?

Mr. BOIVIN: Not exactly, because the Dodge dealers, the Buick dealers and the other dealers in cars assembled in Canada are not bound by contract and there is nothing in any written agreement between the Canadian and the American companies which prohibits Canadian dealers from buying American cars. If the car is bought through a Canadian dealer, it will escape the payment of the 3 per cent excise tax.

Mr. COOTE: My hon. friend will admit they will hold the consumer up the same as the Ford people are doing.

Mr. BOIVIN: I have been arguing all afternoon that the Canadian consuming public has been held up by these manufacturers—

Sir HENRY DRAYTON: And also has made it plain that what he is doing is not making much difference. He laughs, but he knows it is true. The greatest thing behind the agitation has been the Ford car, and anybody who knew anything about it knew the whole situation. It has always been the same, there never was any change. All the different statements about everything being tariff was just so much nonsense. Here we have the exact figures and a confession.

Mr. CHAPLIN (Lincoln): And the complaint is that it is not going to be worth much.

Mr. BOIVIN: Did my hon. friend say the complaint was that it was not going to be worth much?

Mr. CHAPLIN (Lincoln): The complaint that the duty of 20 per cent is inactive; instead of that there is a duty of 25 per cent.

Mr. BOIVIN: My hon. friend pointed out to hon. members opposite that the cut in duty was not quite so great as they imagined, but at the same time I think we will all admit that the 25 per cent duty is very much better than the 40 per cent duty which they previously enjoyed.

Sir HENRY DRAYTON: Just in the same way, we have lots of things covered by patent. Our cream separator business is on the same basis. True, we have absolutely no tariff at all on that article; the whole thing is covered by patent right. The best protection for anybody in the world is the patent protection with agreements from the parent company. My hon. friend has been quite interesting to-night. He has been giving us an honest confession. Frauds have been committed on the country and on the customs, and they are continuing. Frauds are being committed with reference to automobiles coming in, on his own statement. Then he refers to bogus companies. He says they are within the law. I do not know that a bogus company can ever be looked upon as being within the law.

Mr. CHAPLIN (Lincoln): Or fake company.

Sir HENRY DRAYTON: Or fake company.

Mr. BOIVIN: I may perhaps have used a word I should not have used.

Mr. CHAPLIN (Lincoln): All right, we will accept that.

Mr. BOIVIN: I do not pretend for a moment that the company does not exist. It is a Canadian subsidiary company, the stock of which is owned and controlled by the American parent company, and without that company operating in Canada to act as a distributor there would be nobody here to import the cars. The dealers would import them direct subject to the discount they are entitled to receive.

Sir HENRY DRAYTON: Paying at a higher value.

Mr. BOIVIN: Well, they use a subsidiary company as a distributing company. It is a company which has a legal existence, which does not ask for one cent more reduction in the price of the car than the reduction which is given to distributors of cars in like quantities in the United States; so that it is pretty hard to say it is a fraud that has been perpetrated on the Department of Customs. If it is a fraud, it has been perpetrated on the Customs department for many years, and those who brought it to the attention of the Minister of Customs are precisely the same motor car manufacturers my hon. friend is defending to-night.

Sir HENRY DRAYTON: Your hon. friend is not defending anyone to-night. I do not know why my hon. friend should say that, unless he wants to draw out some of the arguments which I do not think are at all conclusive which we have been favoured with this afternoon.

Mr. MANION: He wants to draw out applause from behind him.

Sir HENRY DRAYTON: I do not see why the clapping does not materialize when he makes that statement. He will have a complaint against his back benchers; they are not running up to form. My hon. friend says this was drawn to his attention by a Canadian manufacturer. I do not wonder at it. I would have thought they would have drawn it to his attention and would have been insistent upon getting rid of it. But he says it is an evil; he does not like the word "fraud."

An hon. MEMBER: Fake.

Sir HENRY DRAYTON: I do not distinguish between fraud and fake. The fact is

that the Canadian Customs department have been losing a lot of money which they should not have lost. My hon. friend will agree that if we had in this country a different basis of valuation this fraud or fake could not take place. Am I right?

Mr. BOIVIN: No, I certainly will not admit my hon. friend is right. He is so seldom right that I do not think he can be right this time.

Sir HENRY DRAYTON: My hon. friend has answered the question. Is he at all aware of the suggestion—it was more than a suggestion, it was put into legislation—that the valuation for customs purposes should be a valuation based on the cost of production. plus manufacturers' profits and distributing expenses? Is the hon. minister aware of that?

Mr. BOIVIN: That that request was made?

Sir HENRY DRAYTON: No, that there was a provision to that effect.

Mr. BOIVIN: No, I am not aware that there is a clause to that effect. I have been told by the officials of my department who have been there for many years administering the Customs Tariff that at one time there was such a clause. It is not in existence now.

Sir HENRY DRAYTON: The clause was struck out in 1922, rendering it possible for this sort of thing to go on. Instead of making a complaint against the Canadian manufacturers and instead of making a complaint against the tariff with which it has nothing to do, it would have become my hon. friend very much better if he had brought in something to enable him to stop this kind of fake business in Canada, these fake companies, these schemes of beating the customs. I might go back to the valuations which we had in 1921, which would have prevented those frauds, but I suppose that is a course of action that it is idle to seek any progress on from this government.

I want to address myself to the particular item under discussion having regard to it as such and not to its relation to the valuation of motor cars for customs purposes. The Minister of Finance admitted this afternoon that as the processing went on the rate went up. The Minister of Customs did not admit it, but it was a sound argument and I suppose he will admit it.

Mr. BOIVIN: I also admit it.

[Sir Henry Drayton.]

Sir HENRY DRAYTON: Then we have both ministers agreeing; we are all agreed on that, and therefore the rate on the parts ought to be always less than the rate on the whole because there is just that much Canadian labour to be looked after as the processing is carried on further and further. The Minister of Customs nods his head. I assume he means that is correct. He again nods his head. Very good. Under those circumstances, I seriously ask the government in view of their own statement: How do they think this item is proper? On parts such as tops, wheels and bodies which are the chief parts that go into automobiles we have rates of 20, 27½ and 30 per cent. Of course, the 30 per cent rate is really the one in which we are interested. I am quite aware that it is proposed to give a rebate of 25 per cent in connection with that rate. I understand from the Minister of Finance that that is correct. That would reduce the rate of 30 per cent in which we are interested to 22½ per cent. Is my hon. friend going to leave it in that way?

Mr. BOIVIN: Yes.

Sir HENRY DRAYTON: In other words, against the principle which they laid down, the rates on the parts are to be greater than the rates on the completed article, because that is the effect of this section as I read it.

Mr. BOIVIN: When the government had the intention of reducing the duty on motor cars from 35 to 27½ per cent on the high priced car and from 35 to 20 per cent on the car valued at less than $1,200, those parts that are mentioned in this particular item were not taken into consideration by the government. It was in the minds of the officials of both departments that the intention of the government was to reduce the rates on the parts to absolutely the same rate as that on the motor cars themselves.

Sir HENRY DRAYTON: That was the old law.

Mr. BOIVIN: Yes, because under the original item 438—there was then only one item—an appraisers' bulletin had been issued on the 21st November, 1919, under a ruling of the Board of Customs, that those four component parts, chassis, wheels, tops and bodies, would pay exactly the same rate of duty as the completed car. There were many reasons for that, the principal one being to prevent people from dismantling cars, importing them in portions and then putting them together. Relying upon that old bulle-

tin, the Department of Customs, after consultation with the tariff advisers in the Department of Finance but without referring the matter to the government, issued an appraisers' bulletin on the 17th April, the day after the budget came down. The bulletin reads as follows:

In conformity with the ruling in appraisers' bulletin No 2018, tops, wheels, chassis or completed bodies, for use on automobiles or motor trucks, are rated under tariff item 438a and 438b.

Those articles are to be rated under tariff item 438b only when the following certificate is subscribed to on the face of the sworn to entry; otherwise, they are to be rated under tariff item 438a.

Then the bulletin contains the form of a certificate which is to be signed by persons importing those parts for the cheaper cars. When that bulletin was issued parts makers from all parts of Canada came to Ottawa and asked the government to do something to meet their needs and requirements, pointing out that if the duty on their parts was reduced to 20 per cent and if, in addition to that 20 per cent, there was to be a 25 per cent drawback on the same parts when imported from the United States to be placed in cars the content of which was 50 per cent or more Canadian, they could not remain in business. They interviewed the Minister of Finance; many of them came to see me; they saw nearly all the members of the government. It was explained to them very frankly—and this is the only change that is being made now in the budget and it is not a substantial change—that we intended that the duties on parts would remain as they were, but that they would be reduced by 25 per cent when the parts were imported from the United States to go into Canadian made cars. Parts men and automobile manufacturers met and in their meetings—and one of those meetings took place in my room—they came to the understanding that the duty on parts should be reduced to 30 per cent. The present tariff is 35 per cent and the reduction is therefore from 35 to 30 per cent. My hon. friend says that there is only one thing wrong; that it would be perfect if that rate was not higher than the duty on cars; that as the part is a component part of the entire automobile, the duty should be less instead of more. The duty is not less, but it is also not more and I am going to show my hon. friend how that happens. He saw the point at once and he admitted a moment ago that this 30 per cent was subject to a 25 per cent drawback which reduced the rate to 22½ per cent. The part makers told us that it was absolutely impossible to have two rates on parts; that the same material entered into the wheels, bodies and tops, and that they would prefer a uniform rate.

Sir HENRY DRAYTON: That is right.

Mr. BOIVIN: They all admitted that twice as many cars under $1,200 in value are sold as cars over $1,200 in value; in other words that the proportion of those cars was two-thirds to one-third. The duty on one-third of the cars at 27½ per cent and on two-thirds of the cars at 20 per cent evened up, exactly equals 22½ per cent.

Sir HENRY DRAYTON: On the average.

Mr. BOIVIN: Yes.

Sir HENRY DRAYTON: Cars are not sold on the average.

Mr. BOIVIN: But still we must meet the demands of the parts manufacturers and try to meet their wishes by finding an average. That is the plan which they proposed to us. They said: Seeing that you are going to impose a uniform rate on parts, we would like to have you average the rate on the parts to the average rate on the cars sold. The average rate on cars will be 22½ per cent and the average rate on parts will be absolutely the same.

Mr. CLARK: Does the Minister of Customs consider tires a part of a car?

Mr. BOIVIN: Yes.

Mr. CLARK: What duty is now assessed on tires?

Mr. BOIVIN: The duty on tires at the present time is 35 per cent, but I am glad to say that there is no tire factory in Canada to-day taking advantage of the full protection.

Mr. CLARK: The minister said that there would be no higher duty on parts imported for further manufacture. Any Canadian manufacturer importing tires or any part which bears 35 per cent duty—and there are many such parts—will now have a protection of 27½ per cent, whereas if I, say, want to import a car carrying tires or parts of the same value, I shall have to pay a duty of 20 per cent. I do not think the minister can question the truth of this statement. In other words, the minister in this budget says to me: "If you want to buy a Canadian car I am going to charge you 27½ per cent on every American

part that enters into the manufacture of that car; but if you import an American car made by American labour I will charge you, in respect of those parts, only 20 per cent." Is not that the situation?

Mr. BOIVIN: Is my hon. friend anxious to reduce the duty on tires to 20 per cent?

Mr. CLARK: No, but I am anxious to have the matter scientifically investigated. And to prove my contention that it has not been studied on that basis I will quote two observations made by the Minister of Finance this afternoon. In the first place he declared that he was bewildered when confronted by the manufacturers with their problems, and then he talked about having to grope around to find a solution for certain difficulties. These two admissions alone constitute a sufficient evidence that due investigation has not been made into this industry. I do not pose as an expert on the automobile question, but I am asking for fair treatment for the industry and I claim that it is unfair to expect a Canadian manufacturer to compete with American producers when we levy a duty of 27½ per cent on parts imported by him while every other Canadian citizen is encouraged to go to the United States and buy a finished car on which he will pay only 20 per cent in respect to these particulars parts.

Mr. BOIVIN: When my hon. friend makes a plea for the tire manufacturers of Canada—

Mr. CLARK: I am not making a plea for the tire manufacturers or for anyone else. I want the minister to understand that I am speaking in behalf of the industry as a whole, and particularly in the interests of the workmen. The great bulk of the automobile manufacturers are Americans who have branch factories here, and so far as they are concerned it is not a matter of very much moment to them if you do kill the industry in Canada, because in a very few months, almost anyone could absorb the capital lost in the Canadian factories. But my point is that for the sake of the tremendous pay-roll and of our Canadian people who are employed in the industry, the matter is one that should be scientifically investigated and not left to the decision of a government which has to grope around in a bewildered state.

Mr. ROBB: We have had a fair discussion of this item and I think the committee is satisfied that we are trying to deal fairly with all industries. I suggest that we might now pass the item and proceed with the three I mentioned at six o'clock. We could clean up this sheet and get through, seeing that many hon. gentlemen are anxious to catch the train.

Mr. CLARK: The minister has said that in New Zealand the regulations provide that for duty purposes the assessment shall be made on the fair market value in the country of origin, and he went on to suggest that it would be advantageous to Canada to adopt the same principle here. I would ask him, first, whether he proposes to make a change in the present valuations for duty purposes; and, secondly, what in his opinion is the difference between the principle applied in New Zealand and that applied in this country.

Mr. ROBB: Why should we go over that ground again to-night? The Minister of Customs explained the point fully.

Mr. CLARK: The Minister of Finance made the statement a moment ago that the duty of 20 per cent would be assessed on the retail value of the car. Is the duty so assessed to-day?

Mr. BOIVIN: At the present time the duty on a car imported by the ultimate consumer who buys it in the United States is assessed on the retail value, but in respect of all cars imported from the United States by dealers or distributors—and my hon. friend will readily recognize the difference between a dealer and a distributor—the duty is charged, not on the retail, but on the wholesale price.

Mr. CLARK: Charged to whom?

Mr. BOIVIN: To the distributor, if imported by him.

Mr. CLARK: On the first sale from the manufacturer.

Mr. BOIVIN: On the first sale from the manufacturer to the distributor, and if it is imported by a dealer he also is entitled to a discount.

Mr. CLARK: In what way does that differ from the practice established in New Zealand now?

Mr. BOIVIN: When goods are imported into New Zealand the value for duty is calculated on the retail value in the country of origin. At the present time they have a duty of 10 per cent on cars imported from Canada as against a duty of 25 per cent on cars imported from the United States. As the Minister of Finance pointed out this afternoon, every time we do anything by our tariff to reduce the retail value of motor cars manufactured in

this country we are giving an advantage to our manufacturers in the New Zealand market by widening the difference between the duty paid by our manufacturers and that paid by their United States competitors.

Mr. CLARK: Does the Minister of Customs agree with the Minister of Finance that the New Zealand system would be preferable to the one in vogue here?

Mr. BOIVIN: I was not present when the hon. Minister of Finance referred to that matter. I am not sure that he made the statement, because I know that our automobile manufacturers have for the last month been asking him to incorporate that system in our tariff and make the duty payable on the full retail value of the car. So far as I know he has not granted their request.

Mr. CLARK: He stated this afternoon that in his opinion it would be advisable.

Mr. ROBB: I stated this afternoon that the New Zealand method was worth considering in view of the situation that had developed in Canada of a 35 per cent discount.

Mr. CHAPLIN (Lincoln): Mr. Chairman, how can you ever expect to be able to export Canadian cars to New Zealand under present conditions, where you have your excise tax that enlarges the retail value of your car, with the result that New Zealand imposes a discriminating duty because of that very enlargement of price? You never can do it.

Mr. ROBB: My hon. friend is trying to induce me to lose some of my excise tax.

Mr. CHAPLIN (Lincoln): No, I am stating what is a fact. While that excise tax is continued you absolutely prevent the export of Canadian cars to New Zealand.

Mr. ROBB: There is very much to be said for that view.

Mr. CLARK: Does the Minister of Customs think the government has power under section 42 of the Customs Act to change the basis of valuation for duty by order in council?

Mr. BOIVIN: The hon. member for Fort William asked me that question early in the evening, and I answered him that we had never discussed the matter around the council table, but that my own interpretation of section 42 and that of my officers was to the effect that we could not take advantage of the section to impose the retail price as the value for duty; that we could only apply the section to prevent abuses, for instance, to prevent a subsidiary distributing company from obtaining a higher rate of discount than it could legitimately obtain when cars were merely passing through its hands to be sold to other dealers.

Mr. CLARK: May I point out that in 1924 this government did pass an order in council in connection with agricultural implements under which they changed the basis of valuation for duty? That order in council provided that the American manufacturer must invoice his goods and pay duty on the basis of the price payable by the American purchaser. So apparently the government have recognized that they have such power and have actually practised it in the past.

Mr. BOIVIN: If my hon. friend and those who surround him advocate that we should pass an order in council obliging any Canadian dealer importing an American car to pay duty on the full American retail value, I promise to give his request very serious consideration and to bring it to the attention of my colleagues in council. Possibly if it is within the law, and if everybody on the other side of the House desires that it should be done, it may be done, because it will make absolutely no difference whatever in the cost of the car to the Canadian consumer. What we are endeavouring to do by these changes in the tariff is to lift the load off the shoulders of the Canadian consumer by bringing down the price of motor cars.

Sir HENRY DRAYTON: I would have thought in view of what my hon. friend said to-day that he would want to stop fraud on the customs and secure proper valuations, irrespective of whether the act covers it or not. I would have thought that he would consider it his duty to see that proper valuations are made and render impossible fraud on the customs of this country by fake companies. All such frauds ought to be stopped now.

Mr. BOIVIN: I said this afternoon that if my hon. friends on the other side would allow me to remain Minister of Customs a little while longer I would recommend to council the passing of an order whereby no importer of cars would be allowed to claim an unreasonable discount upon the list price of the car imported to evade the payment of fair duty.

Item agreed to.

Mr. ROBB: The next is a new item:

Customs tariff—438d. Horns. distributors, ammeters, instrument board lamps, oil gauges, gasoline gauges, thermostats, oil filters, carburetors, purifiers for oil, purifiers for air, clocks, monograms of metal and enamel, annular ball bearings and parts thereof, lock washers, speedometers and parts thereof, vacuum tanks, gaskets of copper and of asbestos, rims for steering wheels, welded axle housings, electric terminals other than battery terminals, and fuses, all of a class or kind not made in Canada, when imported by manufacturers of goods enumerated in tariff items 438a, 438b and 438c, for use only as orignal equipment in the manufacture of motor vehicles enumerated in tariff items 438a and 438b: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Mr. ROBB: There is another one—

Mr. MORAND: Mr. Chairman, this afternoon the Minister of Customs very emphatically stated, and a few minutes ago the Minister of Finance also stated, that neither wanted the excise tax to be touched. In other words, they wanted this money for the purpose of paying off the war debt. I wonder if it has ever occurred to some other hon. gentlemen—I know it has to those ministers—just how much is now being taken off the revenue of the country by lowering the price of automobiles. Eleven per cent of the cars used in Canada are imported. Those cars used to pay 35 per cent; they are now going to pay 20 per cent. Two out of every three of them will pay 20 per cent, the balance will pay 27½ per cent. Besides this, the price of all cars being lowered, the excise tax and the sales tax will be reduced upon the total amount of sales. Furthermore, the duty on parts that are imported is cut to 20 per cent in some cases, and many will be admitted free, which again will reduce the revenue very seriously. If hon. gentlemen opposite had taken the easy way and removed 5 or 10 per cent from the sales tax, instead of upsetting the whole country by these changes, I wonder if they would not have arrived at exactly the same result. What is going to happen now, with some exceptions, is that we are going to get a slightly cheaper motor car at the expense of the national revenue. The minister shakes his head, but that is the fact. Further than that, all these parts were absolutely parts upon which the tariff for revenue—much lauded by my friends across the way—applied, because none were manufactured in this country, such as horns, distributors, ammeters, instrument board lamps, oil gauges, gasolines gauges, thermostats, oil filters, carbureters, and so forth. That is taken out of the revenue of the country; there is nothing else for it. It is a straight reduction of the revenue of the country for the purpose of reducing the price of automobiles. But it does more than that. Many of these items undoubtedly have been gone over by the experts, and it is only unfortunate that they were not gone over by the experts before the budget was brought down, instead of afterwards. It would have saved the government and the country a great deal of trouble and anxiety. There is this point. Some of these parts are new; they have just been put on cars recently, and there has been no chance for a Canadian manufacturer to develop an industry in these parts. This absolutely precludes the possibility of Canadian manufacturers entering into their manufacture.

Mr. BOIVIN: My hon. friend loses sight of the fact that the moment any one of these parts is manufactured in Canada, it comes off the free list, and the duty presently paid on these parts goes on automatically. These parts will be free from duty only so long as they are not manufactured in this country. My hon. friend need not worry, because, after all, the duty paid by automobile manufacturers on these parts averages only about four dollars per car. We are giving this reduction to the automobile manufacturer to compensate him in part for the reduction of the duty, the advantage of which we are passing on to the Canadian consumer. I repeat, the duty paid on all these parts that cannot be manufactured in this country at the present time amounts to an average of $4 per car and possibly $8 on the higher priced cars.

Mr. MORAND: I do not know what is the exact amount, but we will admit that it is $4 per car. That means just that amount taken from the revenue of the country for the purpose of reducing the price of automobiles. The minister must admit that we shall not receive the same amount of duty per car imported into Canada as before, and 11 per cent of the cars used in Canada were imported up until a short time ago. So is not this going to reduce the amount of revenue you are going to receive?

Mr. BOIVIN: If my hon. friend desires to have us collect the largest possible amount of duty on cars imported into Canada, we have been wasting our time arguing here this afternoon and this evening. I thought my hon. friend was not anxious that cars be imported into Canada. I thought he wanted them manufactured in this country.

Mr. MORAND: That is what I want.

Mr. BOIVIN: Then why base his argument on the loss of revenue on cars imported into this country?

Mr. MORAND: That is very simple. I have known the Minister of Customs for a long time, and I know that he can wiggle out of almost anything. But the fact remains that if you lower the duty to 20 per cent you are going to have more cars imported.

Mr. BOIVIN: Then there will be more revenue.

Mr. MORAND: Yes, and fewer cars manufactured in Canada. You cannot eat your cake and have it.

Mr. BOIVIN: Seeing that my hon. friend has made his speech and my own, there is nothing left to be said.

Item agreed to.

The CHAIRMAN: Item 1055 as amended reads:

Customs tariff—1055. Materials including all parts:—When used in the manufacture of goods enumerated in tariff items 438a and 438b. Provided that before April 1, 1927, no drawback shall be paid under this item unless at least forty per cent of the cost of producing the finished article has been incurred in Canada; Provided that on and after April 1, 1927, no drawback shall be paid under this section unless at least fifty per cent of the cost of producing the finished article has been incurred in Canada;

And provided further that no drawback under this item shall be payable more than once on any article; portion of duty (not including special duty or dumping duty) payable as drawback, 25 per cent.

Sir HENRY DRAYTON: There seems to be a complete change in the wording. What is the effect of the changes?

Mr. ROBB: I do not know whether my hon. friend was out a moment ago when I explained that.

Sir HENRY DRAYTON: Oh, it is just the 40 per cent?

Mr. ROBB: Yes.

Mr. CHAPLIN (Lincoln): A few minutes ago the Minister of Customs told us about the strenuous efforts he made and the time he had with the parts makers in order to bring their condition on a livable basis. He told us that the duty was adjusted, not on the basis of 20 per cent, but it was fixed at 30 per cent, 27½ per cent and 20 per cent on the parts of cars. I want to ask the minister, does he expect that the articles mentioned there will have the protection he speaks of, even less the 25 per cent of rebate, in the event of their being used by manufacturers of cars who make the 50 per cent? Does he think, for instance, that a manufacturer of tops or bodies will have the benefit of that duty?

Mr. BOIVIN: I am not sure that the manufacturer of tops, wheels and bodies in this country will be able to take advantage of the full 30 per cent. That will depend a great deal upon internal competition. That is the argument that is used by my hon. friends on the other side all the time, that if you put the duty high enough, you will have so many factories making the same line of goods that competition will keep prices down. That may be; I am not prepared to argue against that tonight, but I do not exactly get the point that my hon. friend wants to make, and I would like to explain to him anything I possibly can, if I understand it myself. He says that by giving a protection of 30 per cent to the manufacturers of tops, wheels and bodies, the manufacturers will not get the 30 per cent.

Mr. CHAPLIN (Lincoln): Not at all.

Mr. BOIVIN: I admit that; I admitted it a little while ago. They will be getting 30 per cent less the 25 per cent of the duty provided in the drawback clause. That will reduce their protection to 22½ per cent.

Mr. CHAPLIN (Lincoln): Does the minister think that they will get the 22½ per cent? That is what my question is.

Mr. BOIVIN: My hon. friend is a manufacturer. He may know that they will not get the 22½ per cent. If they do not get the 22½ per cent it certainly will not be the fault of this parliament, because that is the protection we are giving them.

Sir HENRY DRAYTON: It is a trade condition. My hon. friend must know it.

Mr. BOIVIN: That is what I say. I say that if they do not get that full protection it will not be the fault of parliament.

Sir HENRY DRAYTON: Oh yes.

Mr. CHAPLIN (Lincoln): It is partly the fault of the 25 per cent rebate.

Mr. BOIVIN: There are a great many arguments that can be used against the 25 per cent rebate, and the principal argument used by the parts manufacturers is that every one who makes a car in Canada the material entering into the manufacture of which will be at least 60 per cent Canadian can go to each individual Canadian parts maker and say: "The part you are selling to me is the part that makes up the difference in my car between the 50 per cent and the 60 per cent Canadian content. You must sell

that part to me at 25 per cent reduction on duty paid on an American part or I shall buy it from the United States." Then he can go to some other part manufacturer and use the same argument with him. I am willing to admit, and I think the Minister of Finance will admit, that this drawback clause is almost tantamount to reducing the duty on parts to 22½ per cent. But it has this additional advantage. It will prohibit people from importing all their parts from the United States and using Canada simply for assembling plants to get the benefit of Canadian prices on their shipments overseas. It will oblige them to manufacture their cars in Canada. There is that advantage to the 25 per cent drawback; there are those who are assembling in Canada at present, such as the Dodge Brothers and the Durant people and others, who are not putting 50 per cent of Canadian content into their cars. Some manufacturers came to us and assured us that they wanted to develop their plants in Canada, and this 40 per cent provision is made to enable them to do so during the next year.

Mr. CHAPLIN (Lincoln): There is one mistake the minister makes; he should refrain from mentioning names, because he does an injustice to the manufacturers. He mentioned the Durant plant, for example; I can tell him that already the Durant people make more than 50 per cent of their car in Canada, consequently they should not be referred to as people who are making less than that percentage here. What the minister says may be true in respect to others but it is an injustice to this particular firm.

Mr. BOIVIN: If I have done any injustice to the Durant people, I withdraw the name at once and apologize most sincerely. If they are making more than 50 per cent of their cars in Canada at present, I am glad to be so advised and I hasten to add: All honour to them for it.

Mr. CHAPLIN (Lincoln): I know whereof I speak.

Mr. BOIVIN: I am sure the hon. member is right.

Sir HENRY DRAYTON: The Minister of Customs has put his finger on the one thing this government is sure of and the one thing I think they are relying on as the reason why the manufacture of cars must continue in this country. I refer to the British preference, and other preferences with the British dominions. They must continue manufacturing, as he points out, in order to sell in these export markets, and I think there is a great deal in what he says. But so far as the parts manufacturer is concerned I do not think my hon. friends quite realize the condition. In addition to what has been already stated we have a very large proportion of our business which is export business, calling for refunds. Take the case of a man manufacturing parts with a 50 per cent export business and a 50 per cent local business. What is the effect there? It is to cut down the duty to practically half. He buys for his output, and he knows what proportion of his business is export, so it works out to about 50 per cent net real protection to the part manufacturer.

Mr. ROBB: Just before the item passes—and I will hasten, because I know hon. gentlemen want to catch the train—I was rather pleased that the hon. member for Lincoln (Mr. Chaplin) reminded my junior colleague that we should be careful in this House in advertising different companies. It now gives me an opportunity of saying to him what I did not like to say earlier in the evening. It occurred to me that he was doing an injury to a certain industry in this country when he said certain cars could not be manufactured in Canada at all. I will tell hon. gentlemen why I mention that. While I was in Australia, trying to negotiate as favourable a trade agreement as I possibly could, the Australians said to us, "We cannot give you a preference on automobiles; you do not manufacture them in Canada; they are all United States concerns." So we should all keep in mind as members of parliament, whatever views we may have, that to say we cannot do things in this country injures our trade.

Mr. CHAPLIN (Lincoln): I think the minister is inclined to be fair. It was not I who first mentioned the name of a company; I have absolutely refrained from mentioning company names. The minister mentioned that name first, as Hansard will show, and I stated that cars of that description and category could not be made in this country economically. I make that statement now; I am not afraid to repeat it, because I know it is absolutely correct.

Mr. BOIVIN: I do not like my hon. friend to get away with that. I do not want to start another argument but if you will look at Hansard to-morrow you will find that when I discussed the price of automobiles and the duty upon them, I took as an example a $3,500 car. I said that I referred to no particular make; I refused to mention any names, and it was only after I had been repeatedly urged and questioned by the hon. member,

who asked me to give the name of any particular car in Canada selling at that price, that I told him there was a car in Canada known as the Cadillac that did sell at approximately this figure.

Mr. CHAPLIN (Lincoln): That is perfectly true; I asked that question, but the minister gave me the names of two cars which are made in the United States and not in Canada. He did not answer my question at all.

Mr. BOIVIN: Then I did no harm to any Canadian company.

Item agreed to.

Customs tariff—1053. Cellulose acetate in powdered form imported after the thirtieth day of April, 1927 and prior to the first day of November, 1927: When imported by manufacturers and further manufactured in their own factories before the first day of December, 1927, portion of duty (not including special duty or dumping duty) payable as drawback, 99 per cent.

Mr. ROBB: Before this item passes, my hon. friend from Lincoln desired that I bring in a letter from Courtaulds Limited, dated February 3rd. I have that letter here. I also made a statement this afternoon that this industry would invest about $10,000,000 in Canada. I find that the estimated expenditure for buildings and plant will be in the neighbourhood of $8,000,000, while an ultimate expenditure of about $20,000,000 is expected. Within six months after breaking ground the company expects to employ between 500 and 2,000 hands, and when the plant is fully equipped the number is expected to be 4,000 in practically equal proportions, male and female. The letter from Courtaulds I shall be very glad to table, if my hon. friend has seen it.

Mr. CHAPLIN (Lincoln): Yes, I have seen it, and I shall be glad to have it tabled.

Mr. ROBB: As these are the originals, I will have copies made and tabled.

Item agreed to.

Customs tariff—1054. Yarns produced from cellulose acetate, dry spun, not more advanced than singles, when imported after the thirty-first day of October, 1926, and prior to the first day of August, 1927, when imported by manufacturers and further manufactured in their own factories before the first day of September, 1927, portion of duty (not including special duty or dumping duty), payable as drawback, 80 per cent.

Item agreed to.

Mr. ROBB: I will not ask the committee to pass any of the other clauses.

Sir HENRY DRAYTON: It is only the items that we have passed; the general resolution stands.

Mr. ROBB: I have agreed with the right hon. leader of the opposition to hold one resolution over until he could have an opportunity of discussing it, I should like to keep my word. We all hope he will be in the House on Tuesday next, and we will continue then.

Progress reported.

On motion of Mr. Robb the House adjourned at 10.23 p.m., until Tuesday, May 25th.

Tuesday, May 25, 1926.

The House met at three o'clock.

FUEL SUPPLY COMMITTEE

Mr. E. A. LAPIERRE (Nipissing) moved that the first report of the committee appointed to investigate the fuel supply of Canada, which was presented to the House on Thursday last, be concurred in.

Motion agreed to.

REPORT PRESENTED

Annual report of the directors of the Central Vermont Railway Company.—Mr. Dunning.

IMPORTATION OF CELERY FROM THE UNITED STATES

PETITION FOR EMBARGO FROM LAMBTON COUNTY GROWERS

Mr. J. E. ARMSTRONG (East Lambton): Mr. Speaker, I beg leave to present a petition from the celery growers in my constituency which reads as follows:

To the honourable the Senate and the House of Commons of Canada, in parliament assembled

The petition of the undersigned celery growers of the constituency of East Lambton, Ontario, humbly showeth: That we desire to have an embargo placed on celery coming from the United States into Canada similar to the embargo placed on this product going into the United States from Canada by the government of the United States, from October to February of each year.

Wherefore your petitioners humbly pray that your honourable House may be pleased to grant the prayer of this petition, and as in duty bound your petitioners will ever pray. May 18th 1926.

The explanatory note is very short. It reads as follows:

Thedford, Ont., May 18, 1926.

J. E. Armstrong, Esq.,
Member of House of Commons,
Ottawa, Ont.

Dear Sir:

Enclosed find two copies of our petition for the Senate and the House of Commons.

For your information the duty on celery entering the United States is twenty-five per cent and an embargo has been on for years against the celery from

Canada entering the United States on account of the corn borer which to date has never bothered celery but is used as a handle to stop exportation.

We would appreciate it as a body if an embargo was on from October to February 1st each year, so as to allow the local supply to be consumed before the southern states flood the market.

This resquest is asked not as a handle to boost prices but to allow the home grown product to have the market and work off the supply before foreign goods come on.

Thanking you in advance and trusting you will be successful in our cause,

I remain,

Yours very sincerely,

CHAS. KINMERLEY.

I may say that the crop grown in the district in 1924 consisted of over 250 carloads.

MR. MEIGHEN'S RECOVERY

CONGRATULATIONS BY PRIME MINISTER AND MR. FORKE

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my right hon. friend the leader of the opposition that we are all pleased to see him back in the House again. We hope very sincerely that he has completely recovered from his recent indisposition.

Mr. ROBERT FORKE (Leader of Progressives): On behalf of hon. members in this corner of the House, I desire to express our very great pleasure at seeing the right hon. leader of the opposition in his place once more. We hope that his health is fully restored.

IMPORTATION OF MINERS

GOVERNMENT EMPLOYMENT OFFICE ADVERTISING FOR MEN

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I should like to ask the Minister of Labour if he can give us a statement with regard to the application for workers from Europe for the mines in Nova Scotia?

Hon. J. C. ELLIOTT (Minister of Labour): I may say, Mr. Speaker, that the information I have received is to the effect that applications were made for workers by some of the mines in Nova Scotia. The applications were communicated to the department which asked its various agencies for information as to the extent to which these demands could be supplied. The reply received was to the effect that there were, perhaps, sufficient workers available in Canada to meet the requirements. Up to the present it has not been deemed necessary or advisable to at all comply with the request which was made for additional workers from outside Canada. That is the information on the matter so far as I have been able to obtain it.

[Mr. J. E. Armstrong.]

Mr. WOODSWORTH: May I ask whether it is the policy of the department to supply workers from Canada before allowing workers to be introduced from Europe?

Mr. ELLIOTT: That was exactly what the department had in mind. It endeavoured to get an estimate of the labour available in Canada before attempting to send outside for help. That is, of course, the policy of the department.

CANADIAN NATIONAL RAILWAYS

ANNUAL STATEMENT BY THE MINISTER OF RAILWAYS AND CANALS

Hon. CHARLES A. DUNNING (Minister of Railways and Canals) moved that the House go into committee of Supply.

He said: In attempting to present, for the consideration of parliament, what has come to be known as the railway budget, I do so with every appreciation of my own somewhat recent contact with federal railway affairs. Since taking hold, I have gone far enough into the activities of the department over which I have the honour to preside to acquire a lively appreciation also of the splendid service rendered by that veteran of public life and my own immediate predecessor, the Right Hon. George P. Graham. We on this side of the House regret his absence to-day and none more so than the one to whom has fallen the difficult task which years of experience had made so easy for the former minister. Mr. Graham had the very happy faculty of presenting National railway matters in such a way as to invite their consideration on a high plane. It is my wish that there should be no departure from that very desirable practice, and that whatever criticism there may be—and criticism there is bound to be—may be of a constructive and helpful nature, and to the advantage rather than hurt of the country's immense investment in our National railways.

Following the precedent established last year the Canadian National railway report was this year made available in advance of the minister's annual statement, and has been in the hands of the members for some weeks. The report presents much detail, not only as to operating results, but of the financial ramifications of the system. It is well that such full information as to the management and operation of the National lines should be freely available to parliament. The National railways are the people's property, in the success of which the Canadian public are deeply concerned, and, as representatives of the owners, it is desirable that members of this House should take a very close interest in our railway affairs.

Last year's operating results were so far in in advance of previous years that I feel that my first duty in relation to the report itself should be the altogether happy one of congratulating the chairman and president, the board, the responsible officers and the rank and file of the National railways on the results achieved. To have done more business at less cost is an accomplishment which has brought commendation from quarters ordinarily inclined to hold that such things were not really possible under public ownership. The figures indicate roughly that while two-thirds of this year's improvement of fifteen millions in net earnings was the result of increased business due to a good harvest and improving trade, one-third was due to decreased costs of operation. And it will be noted that Sir Henry Thornton affirms that this improvement was accompanied by no deterioration in service or unfair treatment of employees. It affords me pleasure, therefore, on behalf of the government, to acknowledge the loyal service of officers and employees, whose enthusiasm and good will made last year's achievement possible.

This gathering, Mr. Speaker, in the House of Commons, is the only body which bears the relationship to our National Railways which is borne by the annual shareholders meetings of a private company to the affairs of that company, and I propose to deal with the subject this afternoon rather as if the members of this House were, as they are, representatives of the great body of shareholders throughout the Dominion of Canada in this property. The presentation I will endeavour to make will be analytical in character rather from the point of view of a man who comes freshly into contact with the railway system and its affairs, and who settles down to study the system, and probably my point of view will be more interesting because of that.

The accounts are presented in balance sheet form as designed by the Interstate Commerce Commission of the United States, and adopted by the Dominion Bureau of Statistics. The form is that used by the railroads of the United States, and by the use of such a standard form, comparison is readily made with the accounts of other railroads which have adopted this standard of accounting practice. The balance sheet of the National lines carries the signature of the chief accounting officer of the railways and, in addition, the certificate of a well-known firm of chartered accountants.

It should be kept in mind that this is not the balance sheet of the Canadian National Railway Company, but is a consolidated balance sheet designed to show the aggregate assets and liabilities, under each balance sheet classification, of every company embraced within the Canadian National system, with all inter-corporate transactions eliminated. By this form of presentation there is clearly displayed the total assets under the control of the National Railways, the total liabilities to the public against such assets, and the total liabilities for capital less deficits to the government as shareholders, and for loans and advances.

The Central Vermont Railway is not included in this consolidation except in respect of the control account with that company carried in the National books under investments in affiliated companies. It will be of interest to honourable members to know that there are no less than 87 separate balance sheets included in this consolidated account. Between many of these individual balance sheets are numerous inter-related transactions which require to be eliminated in any consolidation so as to present a clear picture of the relationship of the National Railways to its public creditors and to the government.

I believe every hon. member has in his desk a copy of the annual report, and will be able to follow my reference to the various pages of that report.

On the asset side of the balance sheet it will be seen that the accounts are separated under four headings—Investments, Current Assets, Deferred Assets, and Unadjusted Debits—and that on the liability side, a corresponding separation is made. A classification under Interstate Commerce Commission standard headings of expenditures, less retirements, during the year 1925, applicable to investment in road and equipment, is given on page 23 of the report, and similar information relating to improvements on leased railway property will be found on page 24. These statements indicate a net improvement of $17,964,827 during the year in the railways' investment in road and equipment, and of $430,628 on leased railway properties.

In the next item, sinking funds which have been created in accordance with the provisions of trust deeds for the redemption of certain items of funded debt, there is a balance of $9,374,000 of which $5,064,000 represents the par of system securities acquired, but held alive in such sinking funds. This should be considered in the sense of a reduction to that extent of the total funded debt held by the public.

The item, miscellaneous physical property, $53,912,609, includes hotels, lands, and so on, and in connection with the latter a footnote directs attention to the fact that the provinces

of Ontario and Quebec dispute the title of lands valued at $7,318,140.

A detail of the investment in affiliated companies is given on page 37 of the report. In this list is a new account of $3,677,500, representing acquired bonds of the Toronto Terminal Railway Company issued in connection with the financing of the Toronto new station and viaduct scheme in connection with which legislation was enacted last session. Twenty-five millions odd of this thirty-seven millions shown as investments in affiliated companies represent the Canadian National holdings in the Central Vermont.

The next group of accounts, Current Assets, shows a total of $95,500,000 as against $99,500,000 last year. Cash on hand in the general funds of the company which, at December 31, last, totalled $31,677,083, is up $1,669,000. Special deposits, which represent funds set aside for specific purposes, are up $4,000,000. In this account are carried unexpended balances of proceeds of securities which are released, from time to time, on the authority of the Minister of Finance. Miscellaneous accounts receivable are down $2,500,000. Part of this decrease is due to accounting reclassification, but the decrease is also attributable to better collections, indicating better business conditions generally. The value of materials and supplies on hand at December 31, was $42,582,983, as compared with $50,459,444 at the end of the previous year. As explained by Sir Henry Thornton in his review of the year's operations, expenditures on purchasing and stores account were considerably less in 1925 than in 1924. A determined effort also was made to reduce stocks, so that at the end of the year, materials and supplies on hand amounted to almost eight millions less than at the end of 1924.

Under Deferred Assets—Insurance and Other Funds—is carried the investment of the company's fire insurance and other reserve funds which I will refer to when I come to the reserves under deferred liabilities. The increase of a million in other deferred assets is occasioned by accounting reclassification.

Discount on funded debt, an unadjusted debit item, represents the discount below par at the time of the sale of all securities, which discount is amortized by charges to income account in equal amounts over the life of the securities.

On the other side of the balance sheet the principal account is that of long-term debt, which shows an increase during the year of $63,630,126.52. It will be noted that in this year's presentation it is made a little clearer that this account includes interest accrued on government loans, which, under present conditions, is a matter of book-keeping only and does not represent additional cash advances by the government. This interest account has been increased by $31,703,510.70 during the year, and now accumulates to more than $161,000,000. Analyzing the increase in debt of $63,000,000 during the year, we shall find the debt held by the public has increased $17,416,219.94, and the debt to the government $46,213,906.58. The increase in the debt to the public, as explained under the heading of Finance on page 6 of the report, comprises two guaranteed issues, one of $17,000,000, and the other $18,000,000, against which there were retirements amounting to $17,583,780.06. The increase in debt to the government of $46,213,906.58 is made up of three items, the first of which is the book-keeping item of interest accrued on government loans, $31,703,510.70. It will be well to keep in mind, in discussing the railway debt, that a large portion of the increase in debt as shown by the railway accounts is not additional cash advanced by the government to the road, but is this item of interest which they are compelled to set up in their books. I wish to emphasize this because frequently the impression gets abroad that the railway has used up during the year much more cash than is actually the case. For the year 1925, for instance, of the increase in debt, approximately one-half is cash and the rest is a book-keeping transaction.

The second item in the increase in government debt is an amount of $14,259,435.69 repaid to the railway. When the railway issued its four and a half per cent gold bonds in September, 1924, the proceeds not immediately required were temporarily lent to the Minister of Finance and were repaid by the minister to the railways in the early part of 1925. The third item is an amount of $250,960.19 representing certain payments made through the Department of Railways and Canals for compensation and pension payments to Canadian Government railway employees under special legislation, which are taken up in the accounts of the National Railways so as to make a complete accounting for the entire property.

Full details of the outstanding debt held by the public, or by sinking funds, are to be found on pages 28 and 29 of the report. The schedule also shows to what extent the outstanding securities are guaranteed by Canada or the provinces, and indicates that of the $931,000,000 of funded debt due the public, $674,000,000 is guaranteed and $256,000,000 is unguaranteed. Of the $674,000,000 guaranteed, $581,000,000 is guaranteed by the Dominion and $93,000,000 by the various

provinces, as follows: Ontario, $7,859,997; Manitoba, $24,389,892; Saskatchewan, $17.-904,061; Alberta, $18,394,427, and British Columbia, $25,026,001. Grand Trunk debentures of 216 millions, included in the guarantees by the Dominion, are guaranteed as to interest only under the Grand Trunk Railway acquisition agreement.

The provincial guarantees have, in effect, been taken over by the Dominion, since it has also acquired the properties. There never was any question of interest being paid other than by the Dominion so far as any of the Canadian Northern guarantees are concerned. In the case of the Grand Trunk Pacific, complications due to receivership created confusion at first and the provinces of Alberta and Saskatchewan were obliged to meet certain branch line interest payments. It developed that on the provinces meeting this obligation over four six-monthly interest periods, they could have taken possession of the Grand Trunk Pacific branch line properties. Former President Hanna, considering that these branches would be useful to the National system, recommended that they be retained by the Dominion. The danger of partition of this Grand Trunk Pacific property was thus avoided, the two provinces concerned were reimbursed the interest charges they had met, and the Dominion has since provided the interest.

In the debt due the government is included appropriations account of the Canadian Government Railways amounting to $453,935,303. As is well known, this item includes the direct contributions by the Dominion to the Intercolonial and branch lines, the Prince Edward Island railway in Eastern Canada, the Transcontinental railway between Moncton and Winnipeg, including the Quebec bridge, and also the construction cost of the Hudson Bay railway. It also includes the working capital advanced from year to year by the government to those railways prior to their being taken over by the Canadian National for management and operation, and it also includes the operating losses on those railways since January 1, 1921, at which date authority was taken to pay operating expenses out of earnings. It is understood, of course, that this item of $453,935,303 is not a liability of the Canadian National Railway Company, but is brought into the consolidated balance sheet as the offset account against the assets of the Canadian Government railways as set up at their ledger value.

It will be observed that the total of loans and advances on Dominion of Canada account is shown in the balance sheet as 572 millions. Hon. gentlemen may have noticed that the Minister of Finance, in his budget speech, stated that the actual cash outlay in respect of these railway corporations charged to the debt of the Dominion, was 601 millions. The apparent discrepancy of $28,-720,547 is accounted for by these circumstances: The ten millions advanced by the government to the railways was made after December 31 last, and appears in the budget statement, but not in the railway statement. The railway does not include in loans and advances $8,720,547.06 voted under Advances to Canadian National Railways and utilized for requirements of Canadian government railways. The amount is added by the railways to the separately-shown Appropriations account, Canadian Government Railways. The balance of the difference is the ten million dollars paid by the Dominion for Canadian Northern common stock. Naturally, that item has no place in the railways' loan account with the Dominion.

I have here a statement showing the allocation of these 601 millions to March 31 last. It is of interest in that it shows the extent to which these government loans and advances have gone to meet operating deficits, interest, refunding and retirements, capital expenditure and to working capital. With the permission of the House, I would like to hand the statement to Hansard, for the information of the members generally.

The statement is as follows:

Distribution of Cash Advances to The Canadian National Railways to March 31, 1926, as given in Speech of Minister of Finance, April 15, 1926

—	Total	Chargeable to				
		Canadian National Railway Co.	Canadian Northern Ry.	Grand Trunk Ry.	Grand Trunk Pacific	Canadian Government Rlys.
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Operating deficits...	55,269,684 39	.....	23,810,869 22	1,877,047 56	30,595,524 56	*1,013,756 95*
Interest.....	186,872,514 20	5,468,300 86	121,144,730 33	29,055,222 48	31,204,260 53	.....
Refunding and Retiring.....	108,334,685 22	1,898,433 01	53,721,326 10	52,714,926 11	.....	.....
Capital expenditure.	179,352,204 66	2,633,266 13	124,376,243 94	16,832,947 36	25,775,443 22	9,734,304 01
Working capital.....	28,528,993 66	.....	3,187,466 56	18,102,038 82	7,239,488 28	.....
Total Loans.....	558,358,082 13	10,000,000 00	326,240,636 15	118,582,182 33	94,814,716 59	8,720,547 06
Purchase of bonds...	33,048,000 00	.....	.....	.....	33,048,000 00	.....
Purchase of stock....	10,000,000 00	.....	10,000,000 00	.....	.....	.....
Total given in speech of Minister of Finance.....	601,406,082 13	10,000,000 00	336,240,636 15	118,582,182 33	127,862,716 59	8,720,547 06

Of the loans from the Dominion of Canada, 485 millions odd, 127 millions went directly into betterments during the last six years. Including capital expenditure provided from moneys raised by guarantees during the same period, the total is $228,693,560. If to these be added 36 millions put into the property as the result of the railways' own financing, we have a total expenditure on investment account, during the last six years of $265,068,560. This capital expenditure, on a yearly basis, is set forth in a statement which, with the permission of the House, I will hand direct to Hansard.

Expenditures on Investment Account

Canadian National Railways

Improvement of property by new construction betterments, property acquirements and new equipment:—

	Total	Dominion Loans	Dominion Guarantees	Direct Rly. financing
1920-21..	$ 87,464,922 30	$ 60,464,922 30	.....	$27,000,000
1921-22..	33,651,509 30	29,748,478 74	$ 3,903,030 65	.....
1922-23..	21,343,131 26	21,343,131 26	.....	.....
1923-24..	63,658,749 22	7,943,457 18	55,715,292 04	.....
1924-25..	38,316,981 77	5,321,302 65	23,620,679 12	9,375,000
1924-25..	18,000,000 00	.....	18,000,000 00	.....
1925-26..	2,633,266 13	2,633,266 13	.....	.....
	$265,068,560 07	$127,454,558 26	$101,239,001 81	$36,375,000

The 18 million guarantee, 1924-25, was for branch lines construction and Toronto terminals, under the viaduct agreement.

Turning now to some of the other items on the liability side of the balance sheet, traffic balances and accounts payable show an increase due to additional business at the close of the year. Interest matured, unpaid, shows a substantial reduction of $6,500,000, due principally to a reclassification of unpaid interest on the Grand Trunk Pacific 4 per cent debenture stock. The interest on this security is accrued by charge against income, but is not paid if not earned. Unpaid arrears are now classified as a deferred liability, and this explains the increase in the item, Other Deferred Liabilities.

Under unadjusted credits, insurance and casualty reserves increased $1,408,000 of which $1,387,000 is the fire insurance reserve. The merchant marine is also insured through the railway insurance fund. The steady increase in this reserve indicates the wisdom of the policy adopted in placing insurance

through the company's own fund instead of outside underwriters. Under present policy, all profits which the underwriters would have received, remain with the company.

Profit and Loss account, being a debit balance, is shown as an impairment of the government equity in the property as represented by $265,628,338.70 of capital stock owned by the Dominion and $1,188,482,341.48 in Dominion of Canada account.

Before leaving the balance sheet, I would just like to make one further observation. The Minister of Finance (Mr. Robb) in his budget speech, estimated that for the fiscal year ended March 31, 1926, there was a shortage of net earnings against the interest payable to the public of $7,400,000. When the budget speech was delivered, the actual figures for the government fiscal year were not available. Since they have been available, it is shown that the position is even better, and that the deficiency in net earnings to meet interest charges due the public was not $7,400,000, but $5,735,502—and this after allowing for such charges as amortization of discount, depreciation accruals, and retirements of the ledger value of equipment taken out of service, amounting in all to more than three million dollars.

Sir Henry Thornton, on page 7 of the report, has dealt with increases and decreases in certain items of the income statement. I will simply add, for the information of parliament, a statement of the profits of separately operated companies as shown in account No. 512 of the income statement, and of losses of separately operated companies, as indicated by account No. 545. Perhaps the members will be good enough to take these as read and let them appear in Hansard.

CANADIAN NATIONAL RAILWAYS

Profits of Separately Operated Companies, as Shown in Account No. 512

Oshawa Railway	$ 151,777 58
Thousand Island Railway	25,418 60
Terminal Warehousing Company	77,767 59
Chicago, New York & Boston Refrigerator Company	194,600 26
Montreal Warehousing Company	104,835 28
G.T.P. Terminal Elevator Company	19,155 07
Canadian National Express (except revenues and expenses)	281,113 49
Canadian National Realties	16,087 12
Niagara, St. Catharines & Toronto Railway Navigation Company	83,014 77
Canadian National Steamships	24,837 87
Canadian National Telegraphs	176,061 14
Canadian National Transfer	24,388 45
	$1,179,057 22

Losses of Separately Operated Companies, as Shown in Account No. 545

Rail & River Coal Company	$293,206 18
Duluth & Virginia Realty Company	18,605 09
Grand Trunk Pacific Development Company	107,625 04
Prince Charles Limited	3,791 56
G.T.P. Telegraph Company	13,256 38
Montreal & Southern Counties Railway	19,344 09
Canada Atlantic Transit Company	164,002 74
G.T.P. Alaska Steamship Company	2,568 57
Toronto Suburban Railway	228,919 83
Prince Rupert Dry Dock	58,031 44
Toronto Terminals Railway—Adjustment	150,291 29
	$759,059 63

The adjustment item represents the National's contributions to March 31, 1925, to the Toronto Terminals Railway Company, to enable the latter to pay the interest on their outstanding notes in favour of the Bank of Montreal and charged to Account 545. In September 1925 this amount was repaid in bonds of the terminals company, hence the adjustment.

It is customary, also, to bring down a statement of income account, including the Central Vermont, also giving separately the detail of operation of Canadian lines and United States lines, and this I shall, with the consent of the House, hand to Hansard for use as an appendix.

CANADIAN NATIONAL RAILWAYS

(Including Central Vermont)

INCOME ACCOUNT

YEARS ENDING DECEMBER 31ST, 1925 AND 1924

Gross Operating Revenue

Canadian National Railway Lines in Canada	$ 208,218,920 82	$ 201,224,493 13
Canadian National Railway Lines in U.S.	36,752,281 79	34,363,689 42
Total Canadian National Railways	244,971,202 61	235,588,182 55
Central Vermont Railway	8,463,639 14	8,380,752 39
Total	$ 253,434,841 75	$ 243,968,934 94

Gross Operating Expenses		
Canadian National Railway lines in Canada	$ 184,373,201 44	$ 189,460,403 90
Canadian National Railway lines in U.S.	28,333,586 38	28,883,527 17
Total Canadian National Railways	212,706,787 82	218,343,931 07
Central Vermont Railway	7,357,918 37	7,298,127 43
Total	$ 220,064,706 19	$ 225,642,058 50
Net Revenue or *Deficit* from Railway Operations		
Canadian National Railway lines in Canada	$ 23,845,719 38	$ 11,764,089 23
Canadian National Railway lines in U.S.	8,418,695 41	5,480,162 25
Total Canadian National Railways	32,264,414 79	17,244,251 48
Central Vermont Railway	1,105,720 77	1,082,624 96
Total	$ 33,370,135 56	$ 18,326,876 44
Tax Accruals, Uncollectable Revenues and Miscellaneous Operations		
Canadian National Railways lines in Canada	$ 3,048,206 96	$ 3,471,164 64
Canadian National Railways lines in U.S.	1,338,865 14	1,538,069 82
Total Canadian National Railways	4,387,072 10	5,009,234 46
Central Vermont Railway	238,665 04	230,656 79
Total	$ 4,625,737 14	$ 5,239,891 25
Total Operating Income or *Deficit*		
Canadian National Railways lines in Canada	$ 20,797,512 42	$ 8,292,924 59
Canadian National Railways lines in U.S.	7,079,830 27	3,942,092 43
Total Canadian National Railways	27,877,342 69	12,235,017 02
Central Vermont Railway	867,055 73	851,968 17
Total	$ 28,744,398 42	$ 13,086,985 19
Non-Operating Income or *Charges* Net		
Canadian National Railways lines in Canada	$ 9,119,271 05	$ 9,298,130 99
Canadian National Railways lines in U.S.	*6,552,760 93*	*6,760,820,09*
Total Canadian National Railways	2,566,510 12	2,537,310 90
Central Vermont Railway	*455,521 60*	*622,761 59*
Total	$ 2,110,988 52	$ 1,194,549 31
Total Income or *Deficit* Before Fixed Charges		
Canadian National Railways lines in Canada	$ 29,916,783 47	$ 17,591,055 58
Canadian National Railways lines in U.S.	527,069 34	*2,818,727 66*
Total Canadian National Railways	30,443,852 81	14,772,327 92
Central Vermont Railway	411,534 13	229,206 58
Total	$ 30,855,386 94	$ 15,001,534 50
Fixed Charges		
Canadian National Railways lines in Canada:—		
Interest due public	$ 39,539,506 95	$ 37,459,173 25
Interest due government	31,450,381 89	31,271,043 00
	70,989,888 84	68,730,216 25
Canadian National Railways lines in U.S.:—		
Interest due public	898,728 39	902,530 89
Canadian National Railways	$ 71,888,617 23	$ 69,632,747 14
Central Vermont Railway due public	528,323 39	538,922 04
" " due Can. Nat. Rlys	705,966 03	587,347 05
	1,234,289 42	1,126,269 09
Total C.N.R. and C.V. Rly	$ 73,122,906 65	$ 70,759,016 23

[Mr. Dunning.]

Total Deficit		
Canadian National Railways lines in Canada	$ 41,073,105 37	$ 51,139,160 67
Canadian National Railways lines in U.S.	371,659 05	3,721,258 55
Total Canadian National Railways	41,444,764 42	54,860,419 22
Central Vermont Railway	822,755 29	897,062 51
Total *Deficit*	$ 42,267,519 71	$ 55,757,481 73

Briefly, the Central Vermont adds $8,463,639 to the Canadian National gross revenues, and $7,357,918 to the operating expenses. The net revenue from operation was $1,105,720, but taxes took $238,665 and the total operating income was thus reduced to $867,055; income charges of $455,521 further reduced this amount to $411,534. As the fixed charges were $1,234,289, the deficit after fixed charges was $822,755, an improvement of $75,000 over the previous year.

I would like also to hand to Hansard, a summarized statement of the progress of branch line construction under the programme at present in hand.

CANADIAN NATIONAL RAILWAYS

Branch Line Construction

During 1925 the following work was done in connection with the railways' branch line programme, involving an expenditure of $6,743,164:

Grading	166.6 miles
Tracklaying	355.0 miles
Ballasting	238.5 miles

Last year's work brought the total expenditure on branch lines, under the three-year programme, to $8,386,052 to December 31 last, at which date the following work had been done:

Grading	235.7 miles
Tracklaying	446.5 miles
Ballasting	277.0 miles

The following programme of work has been prepared for the current year:

Grading	104.9 miles
Tracklaying	157.2 miles
Ballasting	328.0 miles

involving an estimated expenditure of $7,568,000 on the following projects:

	Grade (miles)	Track (miles)	Ballast (miles)	Estimated cost
Eastern lines:				
St. Remi d'Amherst	....	2.3	2.3	$ 70,000
Prairie lines:				
Pine Falls	1.6	4.7	19.0	260,000
Bengough-Willow br.	4.5	19.8	28.4	681,000
Dunblane-Central Butte	....	1.4	26.0	1,530,000
Eston, S.E.	....	.3	5.0	143,000
Turtleford, S.E.	39.6	43.7	67.0	1,600,000
Acadia Valley	....	25.0	25.0	461,000
Loverna Westerly	....	....	50.1	406,000
St. Paul, S.E.	20.2	21.0	21.0	514,000
Warden-Hanna	....	....	44.1	395,000
Rosedale-Bullpound	39.0	39.0	39.0	915,000
British Columbia lines:				
Kelowna-Lumby	....	....	....	453,000
Cowichan Bay	....	....	1.1	45,000
Vancouver Island	....	....	....	95,000
Total				$7,568,000

Dunblane-Central Butte expenditure includes the cost of completion of the bridge over the south Saskatchewan river. Rosedale-Bullpound item is for half cost only and the work is subject to a joint section arrangement to be made with the Canadian Pacific Railway. The Kelowna-Lumby item covers cost of stations at Kamloops and Kelowna, and other facilities. Cowichan bay estimate covers ballasting, buildings and telegraph lines and the Vancouver island item covers certain buildings and fencing.

It is now six years since the government became responsible for Grand Trunk financing, and while the reorganization and consolidation of the National system did not take place until late in 1922, we have a six-year background from which to judge of the progress made by the railways towards recovery from the difficulties which proved too much for private ownership. There are a number of ways in which progress may be noted. It is four years now since there has been an operating deficit. In 1920 the operating deficit was $34,000,000. In 1925 there was an operating surplus of $32,000,000. The extreme swing between the operating deficit of 1920 and the operating surplus of 1925 was $66,000,000, or an average improvement, over that period, of 11 millions a year.

A very hopeful feature also of our railway situation is the fact that the annual increase in operating earnings in recent years has been greatly in excess of the annual increase in fixed charges. While as stated, the total of the annual increases in operating earnings during the last six years was 66 millions, the total of the annual increases in fixed charges over that period was but 26 millions, or 40 millions less.

There has been improvement, also, in the matter of total deficit, including fixed charges. Six years ago, it was $80,000,000, while last year it was $41,000,000—or about one-half. And of this deficit of 41 millions for 1925, 31 millions was a book-keeping charge for unpaid interest due the government, which has been written into the debt of the railway.

During the six years in question, the debt of the railway due the public increased by 130 millions, and the debt due the government—including interest—by 506 millions—a total of 636 millions. But of the latter sum 153 millions consisted of government interest. It may be asked why this item of interest should be segregated. Such a question might

be answered in this fashion, if applied to an ordinary case of loan on mortgage. The mortgagor failed, and the chief creditor took over the property on his own account, and that of other creditors interested. But the requirements of present railway accounting methods make it necessary to continue to set up the interest charges, although the government, the chief creditor, has taken over the property. Such a situation could rarely arise in an ordinary business transaction.

There has been criticism, in another place, to the effect that there is no assurance that the increase in railway debt would grow less in the near future. The answer is that the annual increase already grows smaller. Including government interest, the increase in railway debt has, as stated, amounted to 636 millions during the last six years. Stripped of the 153 millions of government interest the increase was 483 millions. Of the 483 millions, 243 millions were added during the two years 1920 and 1921, and 239 millions during the succeeding four years. In 1920, the actual addition to the debt, omitting the book-keeping charge of government interests, was 131 millions; in 1925 it was $31,926,617. Quite clearly then, there is substantial reduction in the rate of increase in the railway debt.

I have pointed out that the debt of the railway increased to a greater extent during 1920 and 1921 than in the four years since. There were reasons for that, and in fairness to those responsible during those years, I should state that the railways, during 1920 and 1921, were at the very depth of their difficulties. It so happened that heavy maturities coincided with the peak of the deficits, and there were as well consistently heavy demands on capital account. Thus the total requirements of the railways were heavier in those years than they have ever been since that time or are ever likely to be again. The bulk of the burden of financing the railways fell upon the government, private capital at that time not being entirely sure of the National Railway situation, and there was the added fact that money was not as plentiful as it has since become. That condition may be traced in the statement of the railway's unmatured funded debt, and will be found expressed in rates of interest which, even with the guarantee of the government, ranged as high as 7 per cent, in contrast with the 4 and 4½ per cent issues put out in 1924 and 1925.

I now come to what seems to be a contentious matter in this chamber, the question of assistance to the railways in the form of guarantee rather than by direct aid, and, as a newcomer to the federal arena, I have endeavoured to familiarize myself with the actual situation, not with the object of provoking further controversy, but with a view to ascertaining in what particular, if any, there has been change of practice and policy.

I find that prior to 1921-22, issues guaranteed were additional to the cash vote, as certain subsequent issues have been. In that way, the guarantees of 1920-21 were for refunding, and could not be utilized for any other purpose.

In 1921-22 for the first time, the estimates provided that advances to the railways might be made in the form of cash, or by way of guarantee, or partly in cash and partly by guarantee, in the discretion of the Governor-in-Council. It was further provided that the moneys thus loaned could be used on any of the following accounts, (a) operating deficits, (b) acquisition of property, materials and supplies, (c) interest on notes, securities or obligations, (d) the principal or interest on maturing or matured loans, secured or unsecured, and (e) construction and betterments. Thus it was specifically provided that the guarantees of that year, which of course reduced the cash vote to that extent, could be used for general purposes, and the 50 millions guaranteed that year were so utilized. The general form of this estimate has simply been continued by the present government. There is nothing wrong about it, and the utilization of such moneys is of record in both railway and departmental reports. Unquestionably, the moneys were utilized by the railways in accordance with the provision of the vote. Had they not been, the auditors whose duty it is to watch such matters would have had something to say. The practice, therefore, has been consistent since the present form of vote was introduced in 1921-22.

Sir HENRY DRAYTON: Will my hon. friend allow a question?

Mr. DUNNING: Certainly.

Sir HENRY DRAYTON: Does my hon. friend find any error in the figures which I gave the House in the budget debate, and which will be found at page 3258 of Hansard? I know his accountants have been studying them.

Mr. DUNNING: Mr. Speaker, I have not studied the figures given by my hon. friend.

Sir HENRY DRAYTON: They happen to be figures dealing with this question my hon. friend is speaking about.

Mr. DUNNING: In reply to my hon. friend, I have in my hand a statement dealing with the utilization of the guaranteed issues

in 1921-22, and I find that on Canadian Northern account there was $26,228,163 guaranteed, of which $2,725,784 went into betterments and $5,172,807 into materials and supplies. On Grand Trunk account I find that $23,186,181 was expended under the guarantee, of which $1,177,245 went into betterments and $1,000,000 into materials and supplies. I find also that the date of the Canadian Northern issue to which I have just been referring was July 1, 1921, and of the Grand Trunk issue September 1, 1921. All of the Canadian Northern issue was utilized for 1921 accounts. The Grand Trunk issue was mainly applicable to 1921. I have the detailed figures in that regard.

Sir HENRY DRAYTON: Can my hon. friend give the total amount of guaranteed bonds for 1920, 1921 and 1922, and the total amount of retirements? That is what counts.

Mr. DUNNING: I have the retirements for each year. I presume my hon. friend refers to refunding. Of the $23,000,000 odd guaranteed for the Grand Trunk in that year $11,967,596 was for refunding, and in the case—

Sir HENRY DRAYTON: I asked as to the total, that was all.

Mr. DUNNING: I am trying to give my hon. friend the details; then he can total them himself. I have not the general total.

Sir HENRY DRAYTON: The general total is the only thing we are interested in.

Mr. DUNNING: If I give my hon. friend the individual figures he can put them together. Or I will gladly sit down and add them myself.

Sir HENRY DRAYTON: I have got them together.

Mr. DUNNING: Of the amount guaranteed for Canadian Northern account, $4,730,063 was for refunding and $8,599,507 for interest due the public. On Grand Trunk account $4,966,175 was for interest due the public. Those are the total figures for that particular year.

Sir HENRY DRAYTON: What year is my hon. friend referring to?

Mr. DUNNING: 1921-22.

Sir HENRY DRAYTON: As a matter of fact, the statement of the Department of Finance shows that instead of the figures my hon. friend gives, there is a total redemption of $48,000,000 odd. It is extraordinary how different the figures are.

Mr. DUNNING: As I said at the outset, I went into this not to add to the controversy but to settle whether or not there had been any change in practice as to the utilization of the guaranteed moneys, and I think I have proved conclusively that the practice now followed was started during the fiscal year 1921-22 by my hon. friends opposite. I am not finding any fault with them. What is the matter with the practice? I have not been able to discover anything wrong with it. The practice started in that year, as the figures I have just quoted prove, has been continued ever since, and I must say, Mr. Speaker, that from my point of view it is a good business practice and sound in every particular. I give my hon. friends credit for introducing it.

Sir HENRY DRAYTON: It is not a question of practice; there has never been any challenge of that. It is a question of presentation in so far as the debt is concerned.

Mr. DUNNING: I am sure my hon. friend will not have any fault to find with my presentation of the debt of the National Railways. I presume what he is referring to is the debt statement as presented by the Minister of Finance (Mr. Robb.) He is quite capable of taking care of himself, and I do not intend to digress in that direction to-day.

Sir HENRY DRAYTON: My hon. friend is attempting to come some way.

Mr. DUNNING: I am also advised by the Finance department that there has been no change on their part in their treatment of guarantees of railway issues—that is to say, they have never been taken into account as increasing the public debt. There has been no departure from former practice, therefore, in the matter of guarantees. Fortunately, during the last fiscal year we were able to get through without resort to guarantee. The only object of the guarantee is to secure a better rate of interest than might otherwise be possible, and, I have no doubt we shall all welcome the day when the position of Canadian National Railways will inspire such confidence as to attract any requisite capital without necessity of guarantee. During the last six years, guaranteed issues have totalled $264,500,000, but the increase in the debt due the public, of which the guarantees form part, was, during that period, but 130 millions, or slightly less than one-half the total of the guarantees. The explanation, of course, is that much of the guaranteeing was for refunding and simply replaced former debt. During

the same six years, 265 millions were provided on investment account. Thus while the increase in debt to the public was one-half the guarantees, double the amount went into improvement of the property. In the matter of public borrowings, therefore, there has been no impairment of the margin of safety to the investing public.

The chairman and president informs us that a searching examination of the company's financial structure has been under way during the last year and it is expected that, during the current year, definite proposals having for their object the placing of the company's finances on a sound and permanent basis will be presented. Reference is made to the difficulty of unravelling financial data relating to the host of constituent companies, and an idea of the complicated character of the task may be gathered from the schedule of companies comprising the Canadian National Railway system accompanying the annual report, the capital stocks connected with those companies, the investments in affiliated companies, the securities comprising the funded debt, the loans and advances from the government, the appropriations on account of former government railways, the scores of mortgages involved and the innumerable intercorporate transactions.

The task of simplifying and consolidating the variety of obligations outstanding and of reducing varying financial practices to a uniform basis presents many difficulties. The former government lines were constructed out of consolidated revenue at the expense of the Dominion at large, and there is no capitalization involving interest charges. The Canadian Northern was added; its heavy financial requirements have been supplied in part by the public, and to a greater extent by the government. The Grand Trunk Pacific was next taken over and is still being operated under receivership, with the legal requirements thereby involved. Afterwards the Grand Trunk itself was acquired, together with financial complications as between the Grand Trunk Pacific and the parent organization, and both, as the records show, have required much government assistance, but for which—and this is frequently lost sight of—the private investments in both roads would probably have been wiped out. With each of these large corporate entities was brought in a number of subsidiary concerns.

In view of the continued criticism abroad of Canada's action in respect to the Grand Trunk acquisition, and the position of certain Grand Trunk Pacific debenture holders, it may be stated at this point that the theory that Canada, in taking over the Grank Trunk, was acquiring at no cost an immensely valuable property has not been justified by the results which are of record in the report before the House. Heading the unmatured funded debt, on page 28 of the report, will be found the $216,000,000 of Grand Trunk debenture and guaranteed stocks, the interest on which Canada has guaranteed in perpetuity, and which interest amounts to about nine millions a year. In addition, the government has had to provide on Grand Trunk account since acquisition cash loans totalling $118,582,182, detail of which will be found in the schedule of loans on page 27. In addition to this direct cash aid, $74,899,157 has been provided by guarantee, and $12,000,000 for equipment. Then the Toronto viaduct scheme was a Grand Trunk responsibility which the government has had to assume. For this, around $7,000,000 will be used from the $18,000,000 issue of February 15, 1925. The foregoing items total $212,481,339, and it will be recalled that the par value of the preference and common stocks of the Grand Trunk, which the majority award of the arbitrators declared of no value as at the date of agreement, was $180,000,000. The arbitrators' estimate of the condition of the property in 1920, and of its requirements, has thus been amply sustained by subsequent developments.

4 p.m.

In connection with the Grand Trunk, there is a curious echo of the past in the balance sheet—"Governmental grants in aid of construction, $16,280,820." This represents aid to the Grand Trunk in the early days, on which interest was to have been payable when Grand Trunk common stock became productive of dividends. As is well known, the common stock of the Grand Trunk never paid a dividend in the seventy years of the separate existence of the company. The balance sheet item is, therefore, without interest. After recording interest in the public accounts of the Dominion until a charge of more than ten millions had accumulated, the Department of Finance gave up the job of recording interest on this venerable loan. This item of $16,000,000 is additional to the $212,000,000 advanced since the Grand Trunk was taken over.

The loans charged to Grand Trunk Pacific account—page 27 of the report—total $127,862,716, of which $53,576,000 was advanced prior to receivership and $53,768,000 since March, 1919, when the property was abandoned. Since that date, we have also provided more than twenty millions to pay interest guaranteed, much of it by the prov-

inces. And because Canada has not also provided interest for Grand Trunk Pacific four per cent debentures which it did not guarantee, the Dominion continues to be adversely criticized by news writers abroad. This can only arise through lack of information and to supply this deficiency is my excuse for placing the foregoing facts on record in this connection.

Before digressing, I was referring to the present complicated financial structure of the Canadian National system. What is desired is a capital structure which will simplify financial and accounting practice, with consequent saving of expenditures, and which also will ease the burden imposed on the Canadian National system by inheritance from private ownership. It may well be questioned whether it is humanly possible for any railway management to make good the frantic borrowings which overwhelmed the former owners. The former minister, Right Hon. George P. Graham, after considerable experience with the problem, had this to say last year, in the course of his annual statement:

> Under present conditions—and I do not want any person to be disturbed about this—with all this mass of intricacies that nobody has been able to unravel, the Canadian National Railways cannot under any management pay carrying charges if we take into account the amounts advanced by the government. The people of Canada could not stand rates which would be sufficiently high to carry all this under our present arrangement.

The object sought by the present examination is a capital structure reasonably commensurate with the earning prospects of the property. Although the Department of Finance has for years treated the loans and advances by the government to railway companies as non-active assets, with no present, if any, prospect of return, the present form of Canadian National accounts requires the setting up yearly of an immense figure—thirty-one millions odd last year—of interest due the government; and that figure is about half as large as it would be if the practice were consistent to the extent of computing similar interest charges on appropriations of nearly half a billion which have gone into former government lines, and on which no interest has ever been computed, as against the Canadian National lines, by the Department of Finance. Government interest accruals relate to loans and advances to former privately-owned lines only. Although we have taken possession of the security against which the sums in question were advanced, the corporate accounts continue to pile up interest charges that now form the largest single item of the yearly addition to the railway debt.

An hon. MEMBER: Wipe it out.

Mr. DUNNING: As many hon. gentlemen know, there is lack of uniformity even in the computation of interest. As already stated, there are no interest charges connected with former government lines, nor is any interest accrued or unpaid interest due the government, which sum now amounts to about 162 millions. Simple interest only is accrued on government loans and advances, but interest is compounded in so far as it has been necessary to borrow from the public to meet interest charges due the public—which was not the case, I am happy to say, during 1925-26.

I find, also, the accounting system of the Canadian National Railway burdened with the work which an ordinary railway company is not required to attempt. The accounting of the National management is of necessity on a system basis. Then, because of the requirements of certain issues connected with the Grand Trunk, Grand Trunk Pacific, and the Canadian Northern, as well as the Grand Trunk Pacific receivership—and also because the former Canadian government lines must be provided by the government with cash if the earnings are not sufficient to meet operations—it is necessary to recast the accounts on a corporate basis, all of which entails much costly and otherwise unnecessary book-keeping and accounting.

There is still another somewhat awkward feature of these railway accounts. As hon. gentlemen are well aware, the railway accounts are on a calendar year basis and the estimates and public accounts which enter largely into our railway affairs, are on the basis of the federal fiscal year. This leads to occasional difficulties and misunderstandings in the discussion of railway finances, which would be avoided if it were possible to reduce both accounts to the basis of a common year.

With regard to the estimates, a year ago, parliament was asked to provide $50,000,000 to meet expenditures made and indebtedness incurred by the National Railway during 1925-26. At that time, the immediate outlook for the railways was not very bright. During the early months of the year, indeed well into the summer, their business showed a decline as compared with the previous year. The second half of the year proved to be the very reverse of the first six months. A good crop, and consequent improved business, enabled

the Canadian National Railways to almost double the operating net of the previous year.

It transpires—and we are discussing fiscal year figures at the moment—that of the fifty millions voted a year ago, only ten millions were required of the government, and there were no bond issues, either guaranteed or otherwise. This improved state of affairs appears to have been made possible by a number of circumstances. As hon. gentlemen will have noted, the railway was itself able to provide 80 per cent of its interest requirement due the public. That supplied the chief reduction in the estimated requirements.

The forty millions, which were not required, are accounted for in this way:

1. Increase in net revenues	$ 13,700,000
2. Decrease capital expenditures	7,000,000
3. Discount on proposed bond issue cancelled	1,600,000
4. Interest on proposed bond issue cancelled	400,000
5. Reduction in stores purchased	8,000,000
6. Cash available from former bond issues.	2,700,000
7. Balance provided from working capital.	6,600,000
Total reduction	$ 40,000,000

These figures are, in part, estimated and cover the period from April 1, 1925, to March 31, 1926.

Nothing, perhaps, could be more indicative of the rapidly improving position of the National lines than the fact that a Minister of Railways finds it necessary to explain why forty million dollars voted were not required to be forthcoming. I can assure hon. gentlemen that it is a very much more agreeable task than would have been the necessity to explain why the railways had required 40 millions more than had been estimated.

The budget amount required for the present fiscal year, 1926-27, is $31,000,000, distributed as follows:

Interest on funded and other debt	$36,540,598 34
G.T. Pacific guaranteed interest	1,108,000 00
Sinking fund payments	165,133 33
Equipment principal payments	7,397,400 00
G.T.R. 4 per cent guaranteed stock	2,433,333 33
Retirement of capital obligations	808,000 00
Total financial requirements	$48,452,545 00
Less resources	34,379,829 00
Net financial requirements	$14,072,716 00
General additions, betterments, including new equipment	15,727,284 00
Discount on securities to be issued	1,200,000 00
Total estimate	$31,000,000 00

The gross capital expenditure proposed is $19,127,284, including Central Vermont. Retirements recoverable through operating account reduce this figure to $15,727,284. This year's vote for betterments is intended to provide for the following:

Betterments to road	$13,047,211
New equipment	1,325,000
Betterments to equipment	1,500,000
Comm. Telegraphs and Express	750,000
Electric lines	795,000
Hotels	336,300
Miscellaneous	637,013
Central Vermont	736,760
Gross capital expenditure	$19,127,284
Less retirements recoverable through operating accounts	3,400,000
Net increase in investment account	$15,727,284

Sir HENRY DRAYTON: Is the $736,760 intended to meet a deficit on the Central Vermont?

Mr. DUNNING: There is provision for deficit on the Central Vermont.

It is not customary to do more than outline the current estimates at this stage. As usual, they have been referred to the select standing committee on National Railways and Shipping for preliminary examination. I do not think it would be wise for me to interject matters other than those directly connected with the subject we are examining this afternoon; such matters for instance as the Canadian Government Merchant Marine, which can be better dealt with in a separate discussion; such matters, for instance, as the provision in the departmental estimates for the construction of the Hudson Bay railway, which can be better dealt with in committee of the whole on that item and which, of course, is entirely outside the provision proposed for Canadian National railway construction.

With regard to the railway problem, we hear various proposals, from time to time, intended to relieve our railway ills. My own view is that the solution of the problem must be found along the line of greater density of traffic. It must be remembered that, so far as the Canadian National is concerned, we have several thousand miles of purely colonization railways. They are necessary to the development of the country, but they reduce the general good showing of the older established lines. Greater density of population will provide greater density of traffic where most needed, and when we have settled and prosperous communities contributing business to our colonization mileage, the lean kine of the National system will no longer absorb so much of the vitality of the fat. The president of the National lines recently advised me that, for the first four months of 1926, 40,924 passengers had been landed at Halifax, St. John and Quebec by the Cana-

dian Pacific steamships and services allied with the Canadian National Railways. This compares with 24,152 passengers for the same period last year—an increase of 69 per cent. Improvement is apparent, therefore, in that direction.

There is, it is true, a great necessity to develop a simplified financial structure, but, after all that is a means rather than an end. We have provided the money as needed. To the extent that the railways have required assistance, we are carrying obligations in public debt which otherwise could have been reduced. Much of the railway advances have gone into irrecoverable losses, but, as I have indicated, much also has gone to the improvement of our railway property.

In the circumstances, we may congratulate ourselves that the demands of the railways grow less, and, instead of getting dust in our eyes sitting in the observation end contemplating at too great length the retreating past, we might well look forward with a measure of confidence to the immediate future. Concerning it the thing most to be desired is that the system pay its way out of its own earnings, and on the basis of a rate structure which shall be fair to all industries of Canada and to all sections of the country. That is the goal, and I am optimist enough to declare my belief that the goal is attainable if we do nothing to prevent the realization of our objective. We must not forget, when we come to the consideration of railway rates, and railway capitalization, that there is relationship one with the other. Call it what you may, there would be no object in writing down, or writing off, or suspending obligations due the government if, at the same time, we force upon the railways an uneconomic rate structure that, so far as the Canadian National is concerned, would result in the piling up of fresh charges on government account, later to be similarly written off.

I have spoken with a certain optimism and a degree of confidence which I would like the House and the country generally to share. With me it is not merely a case of the wish being father to the thought. I have been able to secure the operating results of the Canadian National lines for the first four months of the present year. They indicate net earnings of $9,689,217, as compared with $3,774,782 for the same period last year, an increase of $5,914,435—far more than double. Canadian Pacific returns for the same period are not yet completely available, but I am assured that they also indicate greatly improved conditions. It is on this outlook that I base the confidence I would have you share. Our railways are excellent barometers, so far as business is concerned. They reflect, in accurate measure, the trade and commerce of the country. Given a reasonably good harvest and freedom from traffic losses due to labour difficulties, it may be possible for the National Railways this year to meet their entire interest charges due the public. This, needless to say, would constitute a remarkable and welcome achievement.

Mr. G. B. NICHOLSON (East Algoma): I am sure, Mr. Speaker, that I am simply voicing the feeling of the House when I say that we have all been delighted to hear the presentation of the hon. Minister of Railways (Mr. Dunning) in this, his first statement to parliament as Minister of Railways and Canals for Canada. We are all pleased I am sure to note the optimism with which he concluded his statement, an optimism that I frankly say at the moment is at least partly borne out by the figures he was able to present. I am afraid, however, that in presenting this statement he has accepted without question and has used very largely figures which have been placed in his hands, or at his disposal, without analyzing the character of those figures or ascertaining just exactly what they meant. I do not propose to follow the minister through the intricate details of the financing and operation of the National Railways, but I do ask the privilege of presenting to the House what the situation in relation to these railways is, as I see it at least, and as I think the reports of the National Railways disclose.

The minister has stated in the first instance that the total additional obligation on account of the National Railways including interest was $636,000,000 in the last six years. I will undertake to show from the reports themselves, that the total amount of cash advanced, without any interest accumulations on moneys advanced by the government was over $800,000,000, and I will undertake to show from these reports that of that $800,000,000 advanced no details are given for at least $250,000,000. When you turn to the operating statement, taking the year 1925 in the first instance, it can clearly be shown that, instead of there being a surplus of $32,000,000 or $35,000,000, there was a very substantial deficit, and I will begin at that point and show how the accounts have been presented in order to get this surplus. Turning to page 17 of the annual report of the Canadian National Railway we find the net revenue from railway operation is given as $32,264,414.79. In looking over this statement the thought struck me that the

financiers, or the accountants of the Canadian National Railways, in preparing this statement were emulating the example of the Minister of Finance in presenting the budget statement to the House and the country in this regard; that they were simply taking the total amount of revenue that had been derived, setting against that a part of the expenditure and giving the surplus at whatever sum they desired it should be. To illustrate now, from this surplus of $32,264,414.79 certain figures are taken, termed non-operating expenses. What are some of these? In the first place the railway tax accruals are deducted. If the taxes the railway has to pay on its property all over Canada do not constitute an operating expenditure, what sort of expenditure is it? Can you apply it to capital? If the average individual, after paying his taxes each year, entered up so much as capital available to his business, he would not go very far until he got into difficulties. The next item is uncollectable railway revenue $59,163.36, which is also a non-operating item. I will mention two or three of these items. We have debit to miscellaneous operation, taxes on miscellaneous operation, hire of freight cars and so on. I would like the House to note that in this operating statement showing $32,264,414.79 as a favourable balance, the hire of freight cars, rent of locomotives, the hire of joint facilities, and all these Canadian National expenditures which in reality are nothing more nor less than charges which should be properly applied to transportation costs, are given as non-operating expenses. If we take the total of these figures and set off against them certain non-operating revenues we get the sum of $8,636,569.12 reducing the surplus to $23,627,845.67.

As I said a moment ago there are certain non-operating revenues such as hire of freight cars which are in reality operating revenues and not non-operating revenues. They total $1,857,670.36 so that the actual operating surplus is $25,485,516.03 instead of $32,264,414.79 as shown. From this there must be deducted interest on the funded debt amounting to $40,438,235.34, leaving, before interest to the Dominion government is taken into account, a deficit of $14,952,719.31 instead of $8,173,820.55. Interest owing to the Dominion government amounts to $31,450,381.89 so that the total deficit amounts to $46,403,101.20. That is the amount shown in the balance sheet itself on the bottom of the page as the addition to the debt of the railway. Nevertheless the public is told that the railways have a surplus of $32,264,414.79. The detailed statement is as follows:

1925 Operating Results

Net revenue from operations as shown in statement		$ 32,264,414 79
Deductions applicable to operations—		
Railway tax accruals	$ 4,224,033 58	
Uncollected revenue	59,163 36	
Debit on miscellaneous operations	30,388 17	
Taxes on miscellaneous operations	73,486 99	
Hire of freight cars	1,718,372 07	
Hire of locomotives	27,125 51	
Hire of passenger cars	353,854 10	
Hire of floating equipment	21,748 16	
Hire of work equipment	5,672 08	
Rent of joint facilities	683,544 04	
Rent of leased lines	1,276,119 89	
Miscellaneous taxes	162,061 57	
Total	$ 8,636,569 12	
Balance forward	23,627,845 67	
Total	$ 32,264,414 79	
Forward		$ 23,627,845 67
Add miscellaneous revenue—		
Rent of locomotives	$ 259,928 36	
Passenger cars	177,662 76	
Floating equipment	337 30	
Work equipment	317,012 33	
Joint facilities	1,019,689 11	
Income leased lines	83,040 50	
		1,857,670 36
Actual operating surplus		$ 25,485,516 03
Interest on funded debt	$ 40,438,235 34	
	25,485,516 03	
	14,952,719 31	
Dominion government interest	31,450,381 89	
Total deficit	$ 46,403,101 20	

Certain non-operating debits and non-operating credits enter into that, and last year there was cash advanced by the Dominion government. If I understood the minister aright he stated that in 1925 there was an advance of $10,000,000 and there were no bond issues whatever. Am I right in that?

Mr. DUNNING: Yes.

Mr. NICHOLSON: On page 6 of the report over the signature of the president it is stated that there were issued in February, 1925, $17,000,000 Canadian Northern 4½ per cent ten year guaranteed gold bonds and $18,000,000 Canadian National 4½ per cent five year guaranteed gold bonds.

Mr. DUNNING: I stated in that connection that I was using fiscal year figures for the moment because I was dealing with the

statement of the Minister of Finance. What I stated was true in relation to the fiscal year. But the issue to which my hon. friend is referring was made before the commencement of the fiscal year.

Mr. NICHOLSON: These bond issues are applicable to the period covered by the report.

Mr. DUNNING: The proceeds might be partly used.

Mr. NICHOLSON: If the bonds were issued in February and the statement is that the advances in February amounted to $18,000,000 and $17,000,000 and the retirements amounted to $17,583,780.06, surely that must be applicable to this report.

Mr. DUNNING: A great proportion of that is for retirements.

Mr. NICHOLSON: The retirements amounted $17,583,780.06 as I have said. The additions on account of bond issues amount to $17,416,219.94 bringing the total net debit up to $68,860,984.36 exclusive of interest on the Canadian government railways and the Intercolonial railway.

If you refer to the report of 1924—and I will not go into the details of the figures at all—you will find that the same situation prevails. A surplus of $17,244,251.48 is reported and the same items are included in non-operating expenses that should be included in operating expenses such as non-collectable revenues. Surely revenues that the railways have not been able to collect cannot be looked upon as a non-operating revenue, and the same thing is true of the hire of cars and equipment. If we employ the same calculations the conclusion we come to is that instead of there being a net operating surplus of $17,244,251.48 there was a surplus of $7,740,251.37, and the gross debit worked out in exactly the same way amounts to $101,761,158.65.

If you turn back to 1923 you will find that the same situation is presented. From the operating surplus which is given as $20,236,563.09 must be deducted those items that are strictly charges against transportation costs and would amount to $9,086,306.42. This reduces the operating surplus to $11,150,256.67. If you add capital charges and interest on the public debt, the total debit for the year amounts to $124,856,551.33.

Mr. DUNNING: Is my hon. friend referring to 1925?

Mr. NICHOLSON: 1923. In 1924, the debit was $101,761,158.65 and in 1925 the debit was $68,860,984.36.

Coming to the general financial position of the Canadian National Railways, I should like to refer to the original cost at the time the roads were taken over. Let us take first the figures in regard to the Canadian Northern Railway, which are as follows:

Original cost Canadian Northern Railway System funded debt	$285,795,420 61
Equipment trust obligations	13,526,000 00
Demand and short term loans secured by collateral	58,056,961 11
Due to other companies on construction account secured	30,502,392 04
Current liabilities	19,408,495 79
Accrued interest	4,730,069 93
Reserves for taxes and insurance	1,245,038 19
Total	$413,264,377 67
Added to the above the total amount of 5 per cent income charge convertible debenture stock	25,000,000 00
Making a total of	$438,264,377 67

In addition to this there is the added sum of $10,000,000 for the $60,000,000 of capital stock of the Canadian Northern Railways, bringing the gross total to $448,264,377.67 Against this there are the following assets:

Cash, materials, supplies and accounts receivable	$30,759,013 95
Insurance paid in advance	823,708 51
Deferred charges	860,113 95
Total of liquid assets	$32,442,836 41

Leaving the net cost of the railway as at September 30th, 1917, as $415,821,531.26, from that there is to be deducted on account of land assets, exclusive of railway property, $29,044,790.74; leaving the actual cost of the railway as it then stood with all its equipment $386,776,740.52, equalling in round figures $38,677.67 per mile. At the time it was taken over a careful estimate was made of the amounts required to bring the line up to standard. As regards the Canadian Northern I will give the details, but as regards the others I will omit the details. The figures are as follows:

Rails, fastenings and railway ties, on the basis of the difference in weight of rails now in use and those required to bring the whole mileage up to standard	$14,605,000
Ballasting, ditching, etc.	15,000,000
Replacement of temporary bridges with stone, concrete or steel construction	20,000,000
Roundhouses, coaling plants, intermediate terminal facilities, way stations, track men's houses, and general maintenance of way equipment	13,395,000
Main terminal facilities and interchange connections	22,000,000
Locomotives	30,000,000
Cars of all classes	55,000,000
Total	$170,000,000

That is what was required to bring the Canadian Northern part of the Canadian National railway system up to standard, basing that standard practically on that of the

Canadian Pacific. The Grand Trunk Pacific had cash and bond guarantees for which the government of Canada and the Grand Trunk Railway Company were each responsible. These amounted to $127,939,888 and the cash advanced directly amounted to $7,500,000, or a total in the case of the Grand Trunk Pacific of $135,439,888. There is excluded from that bonds guaranteed by the Grand Trunk alone of $69,189,499, bringing the total liability up to $204,629,387. If you add the cost of the requirements to bring the system up to standard namely $46,250,000—and I have the details in my hand but I will not take time to read them—that makes a total capital cost when the system was taken over of $181,789,888. In order that the railways might be taken over into the Canadian National system at a proper valuation there should be written off $73,669,888, leaving a net proper capitalization of $108,120,000.

Mr. DUNNING: Is that for the Grand Trunk?

Mr. NICHOLSON: The Grand Trunk Pacific. The amount should have been written off because of reckless and extravagant expenditure in connection with the construction of the Grand Trunk Pacific.

Mr. DUNNING: Surely the hon. member knows that we have not taken over the Grand Trunk Pacific, which is being operated under a receivership.

Mr. NICHOLSON: Perfectly true. But is it not also true that the obligations of the Grand Trunk Pacific are included in the statement of the Canadian National Railways? If that be so it follows that, in order to deal with the Canadian National reports intelligently, we must take into consideration all branches of the system.

Mr. DUNNING: How could we have written that amount off?

Mr. NICHOLSON: If my hon. friend will bear with me I will come to that point presently. The amount required to bring the Grand Trunk Pacific up to standard was $46,250,000. The total cost of that portion of the Canadian government railways from Winnipeg east known as the Transcontinental at the time of the amalgamation was in round figures $200,000,000 and of the Intercolonial, $137,184,199. These properties are now carried in the balance sheet at $451,712,483.60 showing an increase of $114,528,284.60. I have not included the $114,000,000 in that $800,000,000 of cash advanced, for the reason that I cannot find anywhere in the railway statement anything to indicate what this sum of money was used for or where it came from, but as a matter of fact the value has been increased in the books by that $114,000,000. The amount required to bring the Transcontinental up to standard was $26,250,000, the details of which I have here and which may form part of the $114,000,000 added.

Now we come to the Grand Trunk. At the time of the amalgamation we became responsible for the interest on $216,207,141, as the minister has stated, and I shall give in detail the estimate of what was required to bring the Grank Trunk up to standard. I have also the details of the amount expended.

Estimate of Amount Required to Bring Roads to Standard

Grand Trunk

Deferred Maintenance as follows:		
Increased weight of rail.. ..	$1,436,400	
Ties—25 per cent of total..	2,700,000	
Ballasting, surfacing, etc.. ..	2,250,000	
Extension to sidings, spurs, etc..	1,250,000	
Bridges, culverts, etc.. ..	750,000	
Roundhouses, machine shops, turntables, coaling plants and water services..	750,000	
Miscellaneous, including repairs to general buildings..	1,000,000	
		$10,136,400
Rolling Stock:		
100 locomotives at $70,000..	$7,000,000	
50 locomotives at $60,000..	3,000,000	
250 locomotives rebuilt at $10,000..	2,500,000	
250 locomotives repaired at $4,500..	1,125,000	
6,000 Standard frt. cars at $3,500..	21,000,000	
1,200 Flat cars at $2,500.. ..	3,000,000	
1,000 Miscellaneous at $3,500	3,500,000	
150 Passenger cars at $25,000	3,750,000	
500 Service cars..	1,500,000	
150 Dining, sleeping and parlor cars..	7,500,000	
	$53,875,000	
Less retirements as above.. ..	1,250,000	
		52,625,000
		$62,761,400

I should like to put on Hansard a table showing the cost of lines to date exclusive of operating deficits:

Gross cost at date of amalgamation..	$1,075,607,969 14
Betterments and equipments, all lines to date..	203,774,265 95
New construction..	48,134,932 58
Branch lines acquired..	8,388,193 66
	$1,335,905,361 33
Add sum still required for permanent improvements and equipment.. ..	101,487,134 05
	$1,437,392,495 38
Deduct amount that should be written off original cost of Transcontinental and G.T.P..	200,364,888 00
	$1,237,027,607 38

Approximately $59,000.00 per mile for all lines comprising the system.

Gross present liability including interest due Dominion government on all lines	$2,336,330,871 66
	1,237,027,607 38
Gross debit balance	1,099,303,264 28
Deduct interest account Trans. and I.C.R.	106,155,000 00
Balance	$ 993,148,264 28
Deduct all interest due Dominion government	161,608,374 17
Net debit balance	$ 831,539,890 11

In addition to interest already paid, $267,763,374.17.

The next statement I desire to give is a summary of the amounts necessary to bring all lines up to standard:

Can. Northern, Jan. 1st, 19	$170,000,000 00
Transcontinental, Jan. 1st, 19—	26,250,000 00
G. T. Pacific, Jan. 1st, 19—	46,250,000 00
Grand Trunk, Jan 1st, 19—	62,761,400 00
	$305,261,400 00
Expended to date	203,774,265 95
Balance required	$101,487,134 05

I noted that the minister in his statement gave something like $264,000,000 which had been expended on betterments, but according to the details disclosed in the reports there has been expended only $203,774,265.95, leaving yet to be expended on the basis of the original estimate the sum of $101,487,134.05.

I come now to the cash advanced and moneys expended, and taking first the Grand Trunk I must say frankly that the minister's figures are in excess of those I have here. The figures I have were taken from the latest report of the Department of Railways and they show that cash advanced to the Grand Trunk Railway since acquisition totals $190,477,340.95. The minister stated that there had been advanced some $216,000,000. Now, when I made up this total and began to look into it, the question was forced upon me at once: if the sum of $190,000,000 has been advanced to the Grand Trunk, what has been done with it? The total expenditures for 1920, 1921 and 1922 in the matter of equipment less retirements were $25,725,888.30, while for betterments of all classes, in connection with which I shall give the details, there was the sum of $5,837,293.17. On the other hand the gross deficits for the years 1920, 1921 and 1922 amounted to $26,476,173.39, making a total for which we have any details of $57,039,351.94. That leaves unaccounted for $133,437,989.01.

If all the deficits that have been incurred on the Canadian National Railways from the end of that period until the present time had been charged up directly against the Grand Trunk Railway, that total of $133,000,000 odd would not have been absorbed. The following is a statement of cash advanced to the Grand Trunk:

Cash advanced to Grand Trunk as per report of the Department of Railways and Canals, March 31, 1925		$190,477,340 95
Total expenditures 1920-21-22:		
Equipment less retirements	$ 25,725,888 38	
Betterments all classes	5,837,293 17	
Gross deficits 20-21-22 including interest on Dominion loans	26,476,173 39	
	$ 57,039,351 94	
Unaccounted for	133,437,989 01	
	$190,477,340 95	

—equal to $57,100 per mile on the entire line.

Also note deficits 1920-21-22 include interest due Dominion government not paid, thus increasing the total of the sum not accounted for.

We come now to the Canadian Northern. The following is a statement of cash advanced to this railway:

Cash advanced 1919-20-21 shown at page 10—1921 report		$251,088,248 88
Cash from Canadian National Railways page 6—report Department of Railways and Canals 1924		48,202,877 96
Loans, 1922—page 1-E—1922 report		29,845,010 59
Loans, 1922—page 1-E—1922 report		784,751 10
Total advanced		$329,920,888 53
Gross deficit including interest on funded debt 1919-20-21	$103,487,706 81	
Gross deficit including interest on funded debt 1922	18,509,965 84	
Betterments 1919 to 1922, all Canadian National lines except Grand Trunk	83,515,096 06	
	$205,512,768 71	
Unaccounted for	124,408,119 82	
	$329,920,888 53	

The question I want to ask is, what has become of all this money? Let us take now the Grand Trunk Pacific. The following table will show what advances have been made, together with the gross deficits:

Cash advanced 1919-20-21 shown at page 10—1921 report	$ 82,480,303 66
Cash advanced 1922 to cover deficit and interest on funded debt, page 2-B—G.T.P. statement 1922	7,693,627 18
Cash from Grand Trunk, page 6 —report Department of Railways and Canals 1924	15,000,000 00
	$105,173,930 84

Gross deficit including interest due the public 1919-20-21.. ..		$ 36,712,082 33
Gross deficit including interest due the public 1922..		7,693,627 18
		$ 44,405,709 51
Unaccounted for.. .. .		60,768,221 33
		$105,173,930 84

Now I come to the Canadian National system since the reports were amalgamated. At this point, Mr. Speaker, may I say that it is worth scanning the reports of the Canadian National Railways for 1921 and those for the preceding and succeeding years, because in the report of 1921 you get details of what was done with that money; but from 1922 on you get no details whatsoever. In a moment I will give a specific instance to show exactly what the position is in relation to the reports that have been issued since 1922. In 1923 there were the following Canadian National bond guarantees and cash advances:

1923		
Cash advanced by Dom. govt..		$ 24,500,000 00
Guaranteed bonds..		50,000,000 00
Equipment bonds..		22,500,000 00
1924		
Cash advances..		10,000,000 00
Bonds issued..		46,000,000 00
Equipment bonds..		9,375,000 00
1925		
Cash advanced..		10,000,000 00
Bonds issued..		35,000,000 00
		$207,375,000 00
Less retirements, 1924.. ..	$15,511,973 30	
Less retirements 1925.. ..	17,583,780 06	
	$33,095,753 36	33,095,753 36
Net balance..		$174,279,246 64
Cash to Can. Northern ..	$48,202,877 96	
Deficits 1923-24-25..	53,123,490 02	
Betterments, all lines 1923-24-25..	86,695,988 34	
	$188,022,356 32	
Credit balance..	174,279,246 64	
Excess of expenditure.. ..	$13,743,109 68	

At this point I would ask the House to note that in the Canadian National statement of betterments to all lines are included the Canadian Northern, the Grand Trunk Pacific, the Canadian government railways and the Grand Trunk for 1923, 1924 and 1925, amounting to $86,695,000 odd. It will also be noticed that from the total of $188,000,000 odd there is deducted a credit balance of $174,000,000 odd, leaving an excess of expenditure of nearly $14,000,000. The details of the expenditures are shown as follows:

1919-20-21	
Betterments..	$21,962,955 31
Equipment..	42,339,483 81
Rails, Accessories, etc..	19,212,656 94
	$83,515,096 06

In the 1922 report there is no record whatsoever of what was expended on capital account. At least if there is I have not been able to find it.

1923	
Betterments..	$19,868,425 23
Equipment..	29,060,521 62
General..	786,633 67
	$49,715,581 12
1924	
Betterments..	$20,234,892 75
Equipment..	17,125,738 96
General..	5,201 27
	$37,365,837 98
1925	
Betterments..	$15,763,796 43
Equipment..	1,291,644 43
General..	222,301 83
Suspense appropriations..	264,111 05
Investment expenditures, separately operated properties..	1,044,708 54
	$18,566,562 28
Less adjustments..	621,734 98
	$17,944,827 30

The expenditures on the Grand Trunk I am going to give in detail:

1920—Roadway and general deferred maintenance. Page 33..			$ 1,702,806 62
1920—Equipment all classes.. ..		$ 1,950,495 34	
1921—Deferred maintenance all classes..			2,228,177 70
1921—Equipment all classes.. ..		23,135,857 71	
1922—Deferred maintenance.			1,906,308 85
1922—Equipment all classes.. ..		2,899,361 09	
		$ 27,985,714 14	$ 5,837,293 17
Less equipment retired—			
1921... ..	$ 621,708 28		
1922... ..	1,638,120 48		
		2,259,828 76	
			$ 25,725,885 38
Total expenditures equipment and betterments..			$ 31,563,178 55

Now let me give a summary of the expenditures on betterments and equipment:

Summary of Expenditures on Betterments and Equipment

Canadian National 1919-20-21	$ 83,515,096 06
Grand Trunk 1920-21-22	31,563,178 55
Canadian National 1923	49,715,581 02
Canadian National 1924	37,365,837 98
Canadian National 1925	17,944,828 30
	$ 220,104,521 91
Less estimate of new construction 1923-24-25	18,330,258 96
	$ 201,774,262 95

That total is what I gave before.

Now, I come to the cash advances:

Canadian National credit balance brought forward	$ 13,743,109 68
New construction as shown at page 10, 1921 report	29,804,673 62
New construction Canadian National 1923-24-25, estimated	18,330,258 96
Branch lines acquired, page 13, 1921 report	8,388,193 66
	$ 70,266,235 92

The following summary is interesting, showing the balances unaccounted for:

Balance unaccounted for Grand Trunk	$ 133,437,989 01
Balance unaccounted for Canadian Northern	124,408,119 82
Balance unaccounted for Grand Trunk Pacific	60,768,221 33
	$ 318,614,330 16
Less credit balance Canadian National.	70,266,235 92
Balance unaccounted for	$ 248,348,094 24
Add land sales	3,510,635 53
	$ 251,858,729 77

That is, the statements show what has been advanced to those railways in cash for which no account is given in any statement the railways have issued either by way of deficit or betterments or new construction.

Mr. DUNNING: What does my hon. friend suggest has become of that two or three hundred million?

Mr. NICHOLSON: That is just exactly what I should like the minister to ascertain.

Mr. DUNNING: I have not got it.

Mr. NICHOLSON: That is perfectly true.

Mr. CAHAN: You came in too late.

Mr. NICHOLSON: We have a statement given to the public for example, that $216,000,000 new cash has gone into the Grand Trunk railway. The details given to the House in the Canadian National reports show that about $55,000,000 has been expended to make up deficits in operation and betterments. Now I say at once that it is impossible that that sum of money can have gone into the Grand Trunk railway. It is equal to an expenditure of more than $60,000 a mile on the whole line. We took the system over in the early part of 1922 by arbitration, and all that the original owners were allowed for it was $216,000,000.

Mr. DUNNING: That is what I said.

Mr. NICHOLSON: At the same time the minister says this afternoon that we have advanced $216,000,000 additional cash.

Mr. DUNNING: No, $118,000,000.

Mr. NICHOLSON: What about bond guarantees?

Mr. DUNNING: Those amount to $74,000,000.

Mr. NICHOLSON: That is $192,000,000.

Mr. DUNNING: And another $12,000,000—

Mr. NICHOLSON: That gives us a total of $204,000,000.

Mr. DUNNING: —for the Toronto viaduct.

Mr. NICHOLSON: Leave that aside for the moment.

Mr. DUNNING: But I included that.

Mr. NICHOLSON: I take the statement of the Department of Railways and Canals, that the Canadian people have advanced on behalf of the Grand Trunk railway $190,000,000 odd, or $58,000 a mile for every mile of the system. If you deduct the deficits from that, I say to you it is impossible that that sum of money could have been properly expended either by way of betterments or in new equipment. You can search these reports from A to Z, and you will not find any detail showing where that money has gone. That is my point. The same remarks apply to the Canadian Northern. I am taking these reports and they show the following details for new construction, which details represent the total amounts spent on betterments and new construction:

1923	$12,136,591 57
1924	12,715,935 93
1925	11,807,990 43
	$36,660,517 93

And I take one-half of this, or $18,330,258.92. May I say at this point, Mr. Speaker, that the only means by which it is possible to find in these reports since 1922, what has been spent on new construction is to take one-half of the account under certain headings, shown

as betterments, engineering, new rails, new ties, ballasting, bridges, and so on. Betterments and new construction are lumped together in these reports. Prior to 1922 the details were set out, such as the miles constructed, where constructed and so on, but we have none of such information in regard to more recent construction. In the 1921 report, page 10, I find there was expended $29,804,673.62 on new construction and on branch lines acquired, as shown at page 13 of the same report, $8,388,193.66, making with half of the total I gave for engineering, grading, and so on, for 1923, 1924 and 1925, $36,660,517.93, or $18,330,258.96, an aggregate of $56,523,126.24.

Now we come to land sales; I am not going to give the details, but the total is $3,510,635.53. Then let me take these cash advances once more. The cash and bonds advanced, less betterments, deficits and new construction, according to the report of the Department of Railways and Canals and the reports of the Canadian National Railways, are as follows:

Cash and bonds to Grand Trunk Railway		$190,477,340 95
Cash and bonds to Canadian Northern Railway		329,920,888 53
Cash and bonds to Grand Trunk Pacific		105,173,930 84
Cash and bonds to Canadian National Railways		174,279,246 64
Land sales		3,510,635 53
Total		$803,362,042 49
BETTERMENTS, EQUIPMENT AND DEFICITS—		
Grand Trunk	$ 57,039,351 94	
Canadian Northern	205,512,768 71	
Grand Trunk Pacific	44,405,709 51	
Canadian National	139,819,478 36	
New construction	48,134,932 58	
Branch lines purchased	8,388,193 66	
Cash, Canadian National to Canadian Northern	48,202,877 96	
Total	$551,503,312 76	551,503,312 76
Balance unaccounted for		251,858,729 63

If the difference between that $57,000,000 and the $190,000,000 was spent on the Grand Trunk the people of this country, who are the owners of the system, have a right to know what it was spent on, but you cannot find any figures, aggregate or in detail, which will show where it has gone. To spend $190,000,000 on that property, and expend it properly, is an impossibility. It represents $58,000 per mile, and the total capitalization of the Canadian Pacific is just about $60,000 per mile for the entire system. The Canadian Northern was originally taken over at $38,000 per mile and the Grand Trunk was taken over at about $60,000 per mile.

If these statements are correct, and $803,000,000 of new cash has been expended, I say again, where has it gone? We cannot find any details. There is a net balance of $251,859,000 unaccounted for. I do not know where it has gone; I doubt very much whether anyone can tell accurately, but I at least have the suspicion that the public have not been given the facts with regard to what it was costing to operate the Canadian National system. That is the only answer that can possibly be given. If the public have been given accurate details as to what it has cost to operate the Canadian National system; if the public have been given accurate information as to cash which has gone into the system, as to the betterment and the deficits, then there is a difference of $251,000,000 which the people do not know anything of, but of which they should be given a full explanation.

5 p.m.

I have before me the details with regard to deficits and betterments. The statement is rather long, but the total for 1919, 1920 and 1921 was $140,199,790.13, for the Canadian Northern Railway and the Grand Trunk Pacific. The total gross deficit for the Grand Trunk, 1920-21, was $18,064,442.36, while the total on all lines to the end of 1921 was $178,721,387.80. The Canadian Northern operating deficit, 1922, and interest on funded debt amounted to $1,599,026.45 and $16,910,939.39, respectively. The Grand Trunk Pacific operating deficit for 1922 amounted to $5,352,360.22, while the operating deficit of the Canadian government railways totalled $2,910,657.93. The gross deficit on the Grand Trunk Railway for 1922 amounted to $8,411,734.03. The Canadian National Railway deficit for 1923, less interest to the Dominion government, amounted to $21,539,731.27; for 1924, $21,589,376.22 and for 1925, $9,994,382.53; a grand total of $269,370,862.80. The interest due the government totalled $164,788,864.13, making a final total of $434,159,726.93.

There has been absorbed by these railways if the reports are to be relied upon, $89,926,482.96 of surplus earnings, and there is just one item which may possibly be applied against that sum on the Grand Trunk Railway which is unaccounted for. In 1918 they spent $1,126,019.15, and in 1920, $790,000, or a total of $1,916,019.15, although I cannot see how it would be possible to include this amount in the charges against the Canadian people, because the Canadian people had not taken over the lines at that time.

Now, Mr. Speaker, I have before me details of the gross cost of the system to date:

Intercolonial Railway..	$137,184,199 62
Transcontinental Railway, to December 31, 1918..	200,000,000 00
Canadian Northern Railway..	386,776,740 52
Grand Trunk Railway..	216,207,141 00
Grand Trunk Pacific, less unguaranteed obligations..	135,439,888 00
Total..	$1,075,607,969 14

The cash advances since amalgamation, as I have already said, amount to $803,362,-042.49; Grand Trunk Pacific obligations to Grand Trunk Railway, unguaranteed, were $69,189,499; Grand Trunk Pacific loans outstanding at the time of amalgamation, $20,-539,357.10; additions to capital, Transcontinental and Intercolonial railways, since amalgamation, $114,528,284.60—and may I repeat that there is nothing to show how that increase was brought about. The 1925 balance sheet, unadjusted debits, $10,721,206.19; miscellaneous balancing items $4,619,138.97, a grand total of $2,098,567,497.49. That is the exact figure set out in the balance sheet for 1925, showing that when the Department of Railways and Canals say that roughly $803,-000,000 of new money has been put into the system, the Canadian National Railways must be taking that amount into consideration in bringing their balance sheet out to this figure. In addition there is the interest for government advances to the end of 1924 amounting to $130,157,992.28, and the interest on government advances for 1925 amounting to $31,450,381.87, making a grand total of $2,260,175,871.66, with no interest at all on the Canadian government railways, the Transcontinental railway and the Intercolonial. The minister stated that there was no reason why interest should be charged on that money. There is only one reason why interest should not be charged on it, and that would be the assumption that there was no value produced for that amount of money. Before I get through I intend to show briefly the proportion expended for which no value has been received, but there has been some value given for the money expended on the Canadian government railways, and there is just as much reason for interest being charged on that money as for interest being charged on any property whatever. But we must take the gross cost of the lines to date in order to find their correct value.

Now, the statements show we have spent on these lines approximately $1,335,000,000. To this $1,335,000,000, however, must be added $101,500,000, the sum required to bring the roads up to standard, a total cost of $1,437,-000,000. Now, there should be written off for money that was improperly expended on the Grand Trunk Pacific and the Transcontinental, no less a sum than $200,364,888, leaving the net cost of the National system to-day $1,237,000,000, approximately $59,000 a mile. I give that figure because I intend to refer before I conclude to the statement of the minister as to the difficulty there was in arriving at a proper financial structure for the Canadian National Railways. The original capital cost of the Transcontinental railway was $200,000,000. The amount required to bring it up to standard was $26,000,000, making a total of $226,000,000 or $125,500 a mile. Its value is about $55,000 a mile, or $99,555,000. The balance which should be written off is $126,695.000.

If I may be permitted to digress for a moment the statement is frequently made—the statement was made this afternoon by the Minister of Railways—that the railway difficulty we are faced with is due to the failure of private ownership in connection with these lines.

Mr. DUNNING: I hope my hon. friend will quote me correctly.

Mr. NICHOLSON: Perhaps I misunderstood the hon. minister, but if he did not say that these roads were taken over when private ownership had failed I did not understand him correctly.

Mr. DUNNING: That is better.

Mr. NICHOLSON: Yes, when private ownership had failed. Let us be honest with each other. Was it private ownership that failed? Was it private ownership that brought about the difficulties that the Grand Trunk Railway found itself in in 1918 or 1920? Was it private ownership that brought about the difficulties of the Canadian Northern Railway? No, it was the mad exploitations of railway building on the part of the Canadian people that brought about the condition with which we are faced, the projection of two paralleling or competing transcontinental railways at the same time when at the very outside one was all the country was capable of taking care of. On top of that there was the expenditure on the construction of these lines of money that was not spent in any proper part of the work of building the railway, for instance approximately $126,000,000 in the case of the Transcontinental. And while we were spending $125,500 a mile in building the Transcontinental railway and while $92,500 a mile was being spent on the Grand Trunk Pacific the Canadian Northern was being built alongside

of it for $38,000 a mile, and the total capitalization of the Canadian Pacific for all of its lines is to-day about $60,000 a mile. The amount that should be written off the Grand Trunk Pacific, exclusive altogether of $69,000,000 of bonds that were issued and guaranteed by the Grand Trunk is $73,669,888, or a total of more than $200,000,000 for the two lines.

Now, Mr. Speaker, if you take the Canadian National railway system as it is to-day. That is to say, if you take the Intercolonial, the Transcontinental, the Grand Trunk, and the Canadian Northern, link them up together, and write off from their capitalization the two sums representing the money misspent in connection with the Transcontinental and the Grand Trunk Pacific, you have a capitalization that these roads will stand. That is the position which they are in exactly.

Mr. EULER: How much would that be?

Mr. NICHOLSON: Approximately $1,250,000,000.

Mr. EULER: Just to get my hon. friend's point clear. That $1,250,000,000 should be the capitalization?

Mr. NICHOLSON: Yes, that should be the capitalization. I will come to the subject again in a moment, but that is just what the capitalization should be. And that brings me to the last point in connection with the financing, or rather the refinancing of the lines, the position which the Minister of Railways said was so difficult to handle. May I at this point say that although the Canadian National, or to be more accurate the Grand Trunk and the Canadian Northern, are made up of a number of smaller lines, they are not different in that respect from any other great railway system. You will find included in the Canadian Pacific system, for example, twenty-five or thirty companies and the method of accounting is exactly the same. All that is necessary is to find out the value of the property, and fix that value at what it is or what it should be. We know the amount that was actually spent in taking over all these lines. If we deduct from that amount what has been misspent on the Grand Trunk Pacific and the Transcontinental we have the valuation that could be placed on these railways and if they are properly operated they should earn a fair interest rate on that amount of money. If the figures in regard to refinancing and outstanding obligations are properly worked out this would be the present position of the National Railways: The amount due the public including guaranteed and unguaranteed securities is $931,329,302.74. The amount due the Canadian people less all outstanding interest is $1,167,238,194.75. The interest charges, including the Canadian government railways, amounts to $267,763,374.15, or a total of $2,366,330,871.66. Now if you deduct the value at $59,000 per mile, which amounts to $1,237,027,607.38, the gross loss to be absorbed is $1,129,303,264.28. Deduct all interest of whatsoever character, which would be $267,763,374.15, and you have a net loss to be absorbed of $861,539,890.13. If you increase the capitalization to $65,000 per mile you bring the net loss down to $736,539,890.13. My own opinion is that if the Canadian National Railways are to be put on a sound basis it would be unwise to increase the capitalization to $65,000 a mile. I think that $60,000 a mile would be a proper limit to put, and on that basis, the net loss to be absorbed by the Canadian people is approximately $861,000,000, in addition to all interest due to date. Is there anything very difficult in connection with that? The railways stand to-day with obligations to the public of $931,329,302.74. The net interest of the Canadian people after absorbing the loss already incurred amounts to $305,698,294.64. That represents our equity in the National Railways on that basis. But that equity will not exist very much longer under present conditions; it will be wiped out unless a change takes place very soon.

Mr. EULER: How so?

Mr. NICHOLSON: Does the hon. member not know that? We have spent on these lines now all they are able to carry, and this large sum of $861,000,000 in addition.

Mr. EULER: Does the hon. gentleman include in his statement the building of branch lines which are quite necessary and which will be self-sustaining?

Mr. NICHOLSON: The building of branch lines is something entirely different. I am taking the lines as they are, and not increasing the mileage. If the House will bear with me for a few moments, I intend to refer to some method whereby some of the mileage can be decreased and the operating costs reduced. The distribution of the new capital on the basis of a cost of $65,000 per mile would be: Securities held by the public, $931,329,302.74. Net interest of Canadian people $431,698,294.64; total $1,363,027,597.38. If you increase the capital charges to $65,000 per mile you simply increase your equity, but my own opinion is that it would be unsound financing, so far as the Canadian National Railways are concerned.

In connection with this I would point out that there are $69,000,000 of outstanding obligations of the Grand Trunk Pacific Railway which are not included, as I understand it, in the outstanding obligations to the public, and in any plan that may be advanced or adopted for re-financing these railways the question as to what is to be done with this $69,000,000 must be taken up. I take this position: Notwithstanding the fact—and there can be no question whatever about it—that those responsible for the construction of the Grand Trunk Pacific literally wasted the money, threw it away and never put it into the railway, the railway was constructed with the approval of the Canadian people, the Canadian government, and those securities were sold on the market to the public. The innocent investor, with the endorsement, if not the guarantee, of the Canadian people bought these securities, and in my judgment the Canadian people cannot afford to repudiate those obligations. It is a grave question whether the Canadian people can afford to repudiate the $69,000,000 of securities issued by the Grand Trunk Pacific in view of the conditions under which that road was being constructed, being a joint undertaking between the Canadian people and the Grand Trunk Railway. That agreement was fatal to both parties, there cannot be any question about it. But are the people who put up their money to suffer? That is the point which some day the Canadian people will have to decide.

I am going to give figures in regard to the cost of the Grand Trunk and the Canadian Northern. The Grand Trunk cost $74,000 a mile and the Canadian Northern, with all betterments and equipment to date, cost $54,000 a mile. The Grand Trunk can properly stand a higher capitalization than the Canadian Northern, because it is a double track line, and the capitalization is not excessive. In this connection may I point out that the earnings of the Canadian National Railway per mile of their line are practically the same as the earnings of the Canadian Pacific Railway, but when you turn to the operating cost of the Canadian National you will find there is a marked difference. Maintenance of way cost the Canadian Pacific Railway, $1,698 per mile but it cost the Canadian National $2,050 per mile. That is the operating cost. If the Canadian National maintained their lines on the same basis as the Canadian Pacific they would save $7,350,000 a year in operating cost. In transportation the Canadian National would save $9,050,582.15. Transportation costs the Canadian Pacific Railway 35 per cent of their earnings, and costs the Canadian National 43.7 per cent of their earnings.

Mr. MANION: Do the Canadian National Railways take in the Grand Trunk?

Mr. NICHOLSON: Yes, all Canadian National lines. The earnings of all Canadian National lines are practically the same as the earnings of the Canadian Pacific Railway, but when you get to the operating costs the figures are different. The transportation costs of the Canadian Pacific Railway in handling their freight traffic are 8½ per cent less than the Canadian National and in maintenance of equipment their cost is 1.7 per cent less. The general expense is $6,421,807.28, and miscellaneous cost $528,549.65. On these four items, if the Canadian National were operated on the same basis as the Canadian Pacific Railway, they would save $23,929,960.

Mr. EULER: Does the hon. member not think it is fair to say that the Canadian National Railway consists to a fairly great degree of what are known and described by the minister as colonization lines. Those lines cost a good deal more to operate than the Canadian Pacific lines which were built more as business lines. The Canadian National Railway consists of a number of systems not built for business, but which must be operated as part of the system.

Mr. NICHOLSON: My point is that if it can be shown that the gross earnings on the mileage of the Canadian National railway is less than the earnings on the Canadian Pacific railway, the argument holds good. But if the gross earnings per mile of the Canadian National railway were equal to the gross earnings of the Canadian Pacific railway, then what one gains in one place is offset by what the other gains in another place.

Mr. EULER: Gross earnings per mile?

Mr. NICHOLSON: Yes, you will find that in 1924 the gross earnings per mile on the Canadian National were higher than on the Canadian Pacific railway. In 1925 the gross earnings per mile were practically the same, but the difference in operating cost on maintenance of way was the difference between $1,698 and $2,050. In transportation cost the Canadian National could save 8½ per cent and in maintenance of equipment 1.7 per cent.

I am not going into details, but anyone who desires to get the information for himself can obtain it by referring to the operating statement of the Canadian National Railways for 1925 in which year the showing was better than usual, but what do you find? You find that it was in some degree due to the fact that they allowed their equipment to run down, because they had less rolling stock in service at the end of 1925 than at the end of 1924,

indicating that a considerable part of their rolling stock was out of repair and could not be used.

In connection with the matter of proper freight charges, my hon. friend referred to the much debated point as to whether we were handling traffic in some parts of the country at less than cost. The fact that the railways earn more money in the last three months of the year than in the first, second or third three-month periods, indicates, it is claimed, that the major part of traffic they handle during the last three months is the most profitable kind of traffic they have. Turn to the operating expenses, and hon. members will find that for maintenance of equipment the Canadian National Railways spent $47,902,092.16 and for maintenance of way $43,006,813.70, a total under these two items alone in round figures of $90,000,000 spent for maintenance of way and maintenance of equipment. When is that money spent? In the first place, there is a heavy traffic on all lines in Canada in the last four or five months of the year, commercial as well as grain traffic—very much greater than in the first half of the year. The equipment begins to be retired at a very early period in the new year, and sent to the repair shops to be put into condition for the fall operations and at least 75 per cent of the $47,000,000 for the maintenance of equipment is spent in the first half of the year.

Anyone who knows anything about maintenance of way costs on a railway knows that those costs take place in March, April, May, June, July and the first half of August. Maintenance of way costs are reduced to a minimum beginning with the middle of August or the first of September. I am making this statement simply in order to show how easy it is by taking group figures to reach a fallacious conclusion in relation to the operation of these railways. Approximately 30,000 cars must be gathered in western Canada to move the grain crop and these cars are sent west commencing with the first of the year. On either the Canadian Pacific or the Canadian National you will find to-day long strings of empty equipment being sent to the west. The operating charges for moving this empty equipment to western Canada are applicable to the day the equipment is moved. Those empty cars are set out on side tracks and they remain idle for the time being. Another point in connection with the movement of this seasonal traffic is that those 30,000 cars are used almost exclusively for the movement of the grain crop. This situation is not peculiar to Canada; the same thing is true in the United States, both in the west in connection with the grain crop and in the south in connection with the cotton crop. The crops must be moved when they are ready to be moved, so that the railways must have a large quantity of rolling stock which they otherwise would not require. On the Canadian railways at least 30,000 freight cars could be abandoned altogether if the total freight movement was distributed equally over the twelve months of the year. Those 30,000 freight cars mean an investment of $90,000,000 and the capital charges must be kept up in addition to the equipment being maintained in proper condition. I refer to that, not from a controversial standpoint, because transportation is the question before the Canadian people to-day that must be solved if we are going to get down to a sound industrial and economic basis. There are in my opinion commodities both east and west that must be moved at a minimum of cost. We must find a means of moving the surplus grain crop out of western Canada and the coal and iron of the east to central Canada at a minimum of cost.

Mr. EULER: What does the hon. gentleman mean when he speaks about a minimum of cost? Would he base his rates on cost, or less than cost, or more than cost?

Mr. NICHOLSON: That is a question that must be determined, but I will answer my hon. friend in this way. I am not averse to saying that in order to develop western Canada by assisting in the movement of the surplus grain crop to the markets of the world, and particularly through Canadian ports, it might be, and I believe would be, a wise policy for Canada to carry that grain crop at less than cost if necessary.

Mr. EULER: Would the hon. member bring that policy into effect by a reduction of rates or by means of a subsidy?

Mr. NICHOLSON: I will come to that, if my hon. friend will allow me. In order to develop industry in eastern Canada, particularly in relation to coal and steel, I believe it would be wise for the Canadian people to consider moving that traffic for less than cost. How are we going to make up the difference? There are only two ways in which this may be done. One is by direct cash subvention, and I do not believe that is necessary or wise, because in the first instance it would be a difficult matter to determine what the cash subvention should be. The other way is to distribute the reduced cost of handling the traffic of the far west and the traffic of the east over the other classes of traffic that are handled in the more densely populated parts of Canada. How can we accomplish that?

There is just one way in which it can be done, and this is a point that is being entirely lost sight of. We should first establish an equitable rate structure for all commodities for all parts of Canada. I understand that the matter has been referred to the Board of Railway Commissioners. While they have the matter before them, what do we find? We find that special commodities are being taken and special rates applied, making it utterly impossible for the Board of Railway Commissioners, I care not how expert they may be, to establish an equitable rate structure in this country. We must first start with the Canadian National Railways and determine the capital cost that should be applied to it. Then we must put in charge men who will operate it so that it will earn enough money to pay operating expenses and interest on capital costs. We have not made a start at doing that yet. After that is accomplished we must ask the Board of Railway Commissioners to establish what will be equitable rates.

Another reason why equitable rates cannot be established at the present time is because of the unfair competition that exists owing to the fact that the Canadian National Railways are not called upon to earn the money necessary to operate them. So long as that condition exists neither the Canadian National nor its competitor can reach a point where it can stand the application of an equitable rate. To put it in plain terms, so long as the Canadian Pacific is subjected to the form of competition that can be applied against it by a system of railways that is not called upon to earn its operating costs and to pay a return on the money invested in it, the Canadian Pacific cannot bear the application of an equitable rate structure. That is the point.

In that regard may I say one further word and I will conclude? We have heard a great deal in the last two or three years with regard to getting rid of duplicate services; it is said that the two railways should get together; that unnecessary trains should be taken off here and there. We must start first with the Canadian National Railways itself: let us begin by eliminating some of the duplicate lines. If we eliminate 1,000 miles of unnecessary lines of the main line of the Canadian National Railways we shall save on the item of maintenance of way and transportation alone $5,000,000 a year. In addition we shall get all the material on these lines to build branch lines in western Canada. Can anyone tell the House or the country why the Canadian National Railways should have two lines of railway starting at the city of Montreal and paralleling each other from there to the town of Sudbury, running side by side and competing with each other for business? Just a short time ago I went with a member of this House to an Ontario town on the Canadian National Railways. I went to the Canadian National ticket office to make a reservation and I made a reservation to go out on a night train. The man who brought me to the station took me to another station entirely. I said: "You must be making a mistake; this must be the Canadian Pacific." He said: "No, this is another Canadian National system." It was a beautiful station, all lit up with electric lights, with a ticket agent, telegraph operator, baggage express man, and so on, but it was not the station at which this train came in at two o'clock in the morning. I said: "Do you mean to tell me that the Canadian National Railway has two stations in this town each competing with the other for business?" He sand: "Why, certainly. One is the Canadian Northern station and the other is the Grand Trunk station." This was on the Grand Trunk double track line, the best piece of railway in the country, with the Canadian Northern line competing with it. The same thing is occurring all over the country.

Mr. DUNNING: No.

Mr. NICHOLSON: What about the stretch between Winnipeg and Brandon?

Mr. FORKE: Those lines serve local purposes.

Mr. DUNNING: That is the point.

Mr. NICHOLSON: They serve local purposes, my hon. friend says. When two trains leave the terminal at Winnipeg side by side and you stand on the observation platform of one, how much of the line is there from which you cannot see the other train? You would see mile upon mile the other railway track running almost parallel. As a matter of fact, for miles they are within a hundred yards of each other.

An hon. MEMBER: No.

Mr. NICHOLSON: I beg your pardon; it is so between Winnipeg and Portage la Prairie.

Mr. FORKE: Both lines run into Portage la Prairie.

Mr. NICHOLSON: Yes, and the only trouble is that the two lines cannot be used as a double track. If the rails of the one were taken up and laid alongside the other, so that the two might be used as a double track, some purpose would be accomplished,

but as it is now there is a duplication of service along the main lines. However, I will not labour that point. It is certainly most unfortunate that there should be such keen competition for business in the various towns in which one sees two ticket offices vieing with each other for public business. The policy is absolutely unsound and the first thing for us to do if we are to make any progress in the direction of solving our railway problem is to eliminate this unwarrantable duplication of service.

The minister has referred to the construction of branch lines. So long as Canada continues to develop we shall need to build branch lines to meet the demands of that development, but our first aim should be to reduce to the very minimum the duplication which at present is so costly to our transportation system. The minister also expressed the opinion that the solution for our railway problem is to be found in an increase in population. I agree with him. And, let me add, the solution for that problem is, in turn, the inauguration of a sound industrial policy in this country, a policy which will render such an increase in population possible.

Mr. W. F. MACLEAN (South York): Another Daniel has come to judgment, for the hon. member (Mr. Nicholson) now confesses that there is an altogether unnecessary duplication of railway service in this country. As one lone individual in parliament, and outside as well, I have been emphasizing this fact for years, and now I am glad to see that in all quarters it is receiving increasing recognition. This morning I read in one of the Montreal newspapers, in an article dealing with this subject, the opinion that some arrangement must be made looking to the settlement of our railway problem. We have thousands of miles of unnecessary lines of two great systems competing with each other, adding tremendously to overhead costs, and we have competition in telegraph and express services as well. Then, again, there are hundreds of unnecessary stations scattered throughout the country in places where one station would better serve the purpose than two.

Unless parliament deals with this question the people of Canada will deal with the men whom they have sent here and who are sidestepping the issue; for this is going to be the issue in this country from now on. There is altogether too much partyism in Canada in connection with our railway problem and the people themselves will insist upon their representatives coming to parliament with a determination to find some satisfactory solution for it. Only this morning I was talking with a young man of about thirty-five who said while the young men in his community were not quite conscious of what was wrong with Canada they were determined, so far as lay in their power, to get rid of party politics. He said, "Unless you old timers do something we will find new and younger men who will undertake to solve this problem, among others." I repeat, we are simply sidestepping this issue to-day as we have been doing all along. The presentation of the Minister of Railways (Mr. Dunning) this afternoon offers no solution. I thought that he would introduce some new proposal in which there might be some ray of hope. I have not of course had time to study the statement he has made, and while there may be some promise in it, I do not think that the minister has really touched the problem. The duplication in headquarters staffs and in various branches of the railway service still exists. We have engaged on the railways of Canada 30,000 or 40,000 men with whom we could dispense. If we consolidated the two systems we could pay these men $1,000 each a year until they were able to find other occupations and still we should save hundreds of millions of dollars. We are simply wasting money to-day, and we shall continue to waste money until we tackle the problem in real earnest. Neither the Prime Minister (Mr. Mackenzie King) nor his government has taken hold of it, and I regret to say that the opposition offers no real constructive policy. Some people tell us that time will settle the question. Yes, time will settle it. Time will settle the politicians who refuse to deal satisfactorily with it. I have gone up and down this country and have been sick at heart to see the rivalry between our two railways. We have duplicate trains running between Toronto and Montreal and Toronto and Ottawa, and the same thing is true throughout the country. We know that the Canadian National Railways to-day have 70 per cent of the railway strategy in Canada, while the Canadian Pacific Railway has an equal advantage in regard to steamship lines. The president of that system I was reading to-day, is going to England on a mission in connection with this service, and I take this to be an indication that the Canadian Pacific is getting ready for some form of co-operation or consolidation.

We must remember that transportation is not confined to the railways alone; in its broadest sense it includes water service and motor and bus transportation. The passenger business on our railways is declining. Yesterday I was at Niagara, one of the most

glorious parts of the country, and I saw vast numbers of automobiles—an evidence of the falling off in railway passenger service.

Another formidable competition which our railways have to face is water transportation. As soon as the St. Lawrence waterways are completed, perhaps with the completion of the Georgian Bay canal, we shall see ocean ports on the Great Lakes, up to Duluth, Fort William and Port Arthur, and the competition which will ensue will be a very serious matter indeed for our railways. It will then be imperative for them to eliminate unnecessary competition to the utmost, if they are to pay half their costs.

It is regrettable that the government has not the courage to propound a policy looking in the direction of co-operation and consolidation. If they would only make overtures towards that end I have no doubt that the Canadian Pacific would lend a sympathetic ear. The government should make some step in this direction; otherwise the country will express its opinion in no mistakable terms.

To-day for the first time the new Minister of Railways has addressed the House as a meeting of shareholders. I am here to-day as a shareholder in this railway representing 50,000 citizens of Canada, and some hon. gentlemen represent even a greater number. Well, I do not know how I am going to face my electors and explain to them why this unnecessary, this unwise, this scandalous competition between our two great railway systems is allowed to continue. We cannot keep it up. The government are going to bring down the rate structure, and they are going to tell the people of the west, who are greatly concerned in freight rates, that they will be able to give them lower rates. But I say you cannot have lower freight rates in this country while this unnecessary competition is allowed to continue. You can reduce the freight rates only by consolidating your two great transportation systems covering water transportation and transportation by rail. By such a consolidation we will reduce operating and other expenses, and it is only by this economy of operation and management that you can give what the Canadian farmer is calling for—lower freight rates. There must be a merging of these two railways with their steamship services. We must also provide for airway transportation and link it up with this consolidation.

I wonder if hon. members have any conception of the high-class service that the United States government is maintaining for the transfer of money and mails in that great country. It is a splendid service, and I am told that saving in interest alone by rapid transfer of money pays the cost of operation. We must be prepared to inaugurate a similar service in conjunction with a consolidated railway and steamboat service. We cannot afford to sidestep the issue any longer. The present unnecessary duplication is costing this country an annual waste of about $300,000,000. This is not efficiency. One of the greatest improvements possible under a consolidation such as I have urged will be improved re-routing of all traffic. Any traffic man will tell you what a great saving and what a great improvement in service this will bring about. There is something in the suggestion of bringing about a new capital structure, but that is not the way to achieve the purpose we have in view. The people of this country, especially the western people, want lower freight rates, and they are not going to get them unless we consolidate our transportation facilities. We must stop spending more money in trying to run these two great railway systems; we must consolidate them. That is the keynote of the situation. I am glad to that the Minister of Finance (Mr. Robb) is listening to me. He must know that it will be a problem for him to go to the people and say: I am still a party to this mad competition in railway service. He cannot face his electors, nor do I believe that half of us in this House can face our electors and justify that mad business. Go where I will I find the people are responding to what I have said in this House with regard to this vital question. They are glad to see me, and they are even beginning to ask me to address meetings on the subject. While I have been scarified in some quarters because I had the courage to say the other night that this House ought to appoint à committee to deal with the question, and that once an agreement was made between the whips of the respective parties it ought to be carried out, while I was said to be a "bad Conservative" for having so expressed myself, yet I am content to disregard those attacks and to go on the platform and justifiy my action. I am not going to talk on any minor issues if there is an appeal to the country—and I warn the House again that there is every prospect of a general election in a very short time.

Mr. LAPOINTE: You are wrong about that.

Mr. MACLEAN (York): No, I am not wrong, my brother; perhaps you are looking the wrong way. I am confident that something is likely to force the government

to go to the country, and then this and other problems will have to be presented to the electorate, and we shall have to defend or condemn this mad rivalry we are now maintaining between express companies, telegraph companies and railway companies. By a consolidation of our great transportation systems we would get much greater efficiency and we would get real service both by rail and by water, and we would be also prepared for that formidable competition which our railway systems will have to meet as soon as the St. Lawrence route has been deepened to allow ocean-going vessels to reach Port Arthur and Duluth. With the competition from that quarter and from motor transport there will be no future for two competing railways in this country. In fact even to-day there is only room for one consolidated system which will include transportation by water and transportation by rail. This, as I say, will permit of better routing of the roads, and in this will be found the real salvation of Canada's transportation needs, rather than in a reduction of freight rates. Stop this mad competition, start re-routing your lines, and you will see a great improvement in the railway service of this country. The Minister of Railways has told us about establishing a new capital structure for the Canadian National Railways, but I tell him we have got to have a new capital structure of all our commitments in connection both with the Canadian Pacific and the Canadian National. When that is brought about it will be easy to create a system of transportation which, while giving the people what they desire, will stop the extravagance which prevails all over the country to-day.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, with other members on this side of the House I listened with a great deal of pleasure and attention to the instructive address of the Minister of Railways (Mr. Dunning) this afternoon. I congratulate him upon having presented his case in a very lucid manner. He has the advantage, of course, of the expert advice and assistance of the officials of the Canadian National Railways, and also of their expert accountants. It would be somewhat more satisfactory to the House, I think, if from time to time those who are in actual control of the Canadian National Railways should appear before hon. members in committee in order that a clearer understanding might be had of some of the points which are beclouded by the public discussions of the day. I have not had the assistance such as the Minister of Railways has had, but a few salient facts are before me which I should like to present for the consideration of the House.

I will not go back to 1867, when the construction of the Intercolonial was undertaken at the expense of the government, or to the time when the Prince Edward Island railway was commenced. However, in order that we may ascertain the present financial obligations of the country with regard to railways I should like to present a few statistics running back to the year 1903, when the government undertook the construction of the eastern division of the National Transcontinental line from Moncton to Winnipeg, on the understanding that it was to be taken over by the Grand Trunk Pacific under lease and operated in connection with the western section of that road. In 1914 further obligations were assumed by the government of the country when the Canadian Northern Railway Company began to collapse, and large loans or advances were necessary in order to keep that road in operation at the outbreak of the war. In 1917 further obligations were undertaken when the Canadian Northern railway lines were taken over by the government. Going back for two years before that, on the failure of the Grand Trunk Pacific to operate the eastern section of its road the government was compelled to include the eastern section of the Transcontinental railway in its railway system. In 1916 I find that the Grand Trunk Pacific Railway began to ask the Dominion government for loans and advances; and finally, in 1918, the government was compelled to take over that line and assume its obligations. In 1919, I think it was, the Grand Trunk railway was taken over, and since that time has been operated as part of the Canadian National system. I have had a schedule prepared. It is not very lengthy but it shows from year to year since 1903 the increasing mileage of the National Railway system. Then the second column shows the total long term indebtedness of that system, being the amount of money expended by the Dominion government, together with securities bought and held by the people of Canada, and other countries, for all of which the government is really liable. In the third column there is shown the increase of government liability from year to year, which is represented by the difference between

the total expenditures made upon the system and the total received from operation. The fourth column gives the annual fixed charges, being the annual fixed interest charge which the Canadian government will have to pay to the holders of Canadian National Railway securities and Dominion government securities issued to raise loans made by the government to the Canadian National system. This is to be paid for all time or until the securities are redeemed by the income of the government realized from taxation of the people of Canada. I would like to place this short statement on Hansard:

CANADIAN NATIONAL RAILWAYS

Railway Obligations of Canadian People, Incurred Since 1903

Year ending Dec. 31	Mileage	Total Long Term Indebtedness	Annual Increase in Liability	Annual Fixed Charges
		$	$	$
1903...	1,542	76,290,546		
1904...	1,551	78,870,281	2,579,735	
1905...	1,670	84,193,801	5,323,520	
1906...	1,751	88,454,383	4,260,582	
1907...	1,759	88,667,217	212,834	
1908...	1,759	95,273,779	6,606,562	
1909...	1,760	95,714,248	440,469	
1910...	1,760	100,738,439	5,024,191	
1911...	1,760	101,497,231	758,792	
1912...	1,772	103,434,118	1,936,887	
1913...	1,782	105,929,173	2,495,055	
1914...	1,774	111,956,203	6,027,030	
1915...	(1) 3,760	271,520,393	159,564,190	
1916...	3,830	283,778,308	12,257,915	
1917...	3,830	296,375,477	12,597,169	
1918...	3,874	318,026,229	21,650,752	
1919...	(2) 19,239	1,048,027,305	730,001,076	(3) 29,035,402
1920...	20,730	1,629,000,072	580,972,767	45,402,150
1921...	20,900	1,761,921,327	132,921,255	55,442,769
1922...	20,880	1,881,249,146	59,327,819	59,565,200
1923...	20,646	1,937,282,332	116,033,186	65,199,324
1924...	(4) 20,665	2,056,181,516	118,899,186	69,632,747
1925...	20,984	2,119,811,644	63,630,126	71,888,617

(1) Eastern section of Transcontinental included.
(2) The Canadian government assumed the liabilities of the Canadian Northern system in September, 1918, became receiver of the Grand Trunk Pacific in March, 1919, and assumed control of the Grand Trunk Railway in May, 1920.
(3) Interest on funded and unfunded debt C.N.R., G.T. R. and G.T.P.
(4) Includes 60 miles of Inverness Railway and Coal Company taken over under lease, April 1, 1924.

This statement shows, as the Minister of Finance stated, that on December 31, 1925, there was a total long term indebtedness, which was an indebtedness primarily of the Canadian National Railway but equally an indebtedness of the Canadian government and the Canadian people, amounting to $2,119,811,644. I have excluded the amounts owing on ordinary revenue accounts of the year. I have simply taken the long term obligations of the Canadian people in this respect, and I find that this annual increase in capital liability has been continued from year to year. When we took over the liabilities of the Canadian Northern in September, 1918, there was an increase in liability made up from that source and others of $730,000,000. It was $580,000,000 in 1920 and $132,000,000 in 1921.

Mr. EULER: Is my hon. friend right in saying that we took over the liability of the Canadian Northern in 1918? Was it not the Grand Trunk?

Mr. CAHAN: I said the Canadian government assumed the liability of the Canadian Northern in 1918.

Mr. EULER: Is my hon. friend correct in that?

Mr. CAHAN: There may be some mistake about it.

Mr. EULER: Was it not the Grand Trunk?

Mr. CAHAN: The government became the receiver of the Grand Trunk Pacific railway system in March 1919 and assumed control of the Grand Trunk Railway in May 1920. I have taken from year to year, with the assistance of an expert accountant, the annual increase in liability since that date down to December 31, 1925. There were increases in liabilities as follows:

1921..	$132,000,000
1922..	59,000,000
1923..	116,000,000
1924..	118,900,000

And in 1925 I find an increase of long term obligations of $63,630,000. Naturally with this large increase in capital obligations the annual fixed charges of the Canadian National Railway have increased from year to year. In 1919 I find that the annual fixed charges for interest amounted in round figures to $29,000,000. In 1925 I find that they amounted to $71,888,000, showing that the railway loans had been extended, and as their obligations had increased it resulted in a large annual increase in the fixed charges payable by the Canadian National Railway lines in respect of those capital obligations.

Mr. DUNNING: Will my hon. friend tell me whether that $63,000,000 increase which he speaks of for 1925 does not include the amount due the government for interest, $31,000,000? That I presume is true of all the other years.

Mr. CAHAN: Certainly that is so, and that is an obligation, is it not? I do not agree with the hon. member's suggestion that when the government advances money to the railway from time to time the interest accruing to the government is not an obligation of the National lines; and if it is not paid of course it is an increase in the obligations

of the National lines for which the people of this country are directly and indirectly responsible. As I progress I will make that perfectly plain. Dealing with the question of interest, I noticed a statement of Mr. J. L. Payne in the London Free Press in July last, in which this matter is discussed pro and con. He deals with the fixed charges for the year 1924, and I think there is a great deal to be said for the contention he makes in the Free Press. He says:

> How much are those fixed charges? The official announcement placed them at $69,632,747, but beyond the possibility of doubt that is not the correct amount.

He is dealing with 1924. The statement continues:

> It is merely the sum set down against the Canadian Northern, the Grand Trunk Pacific, and the Grand Trunk; and in these cases it does not allow for unpaid interests on a compound basis, as standard accounting would require. Interest charges on the capital liability of the Intercolonial, the Prince Edward Island, the Quebec bridge, and all eastern branch lines, representing at least $1,000,000,000 are omitted. The excuse, certainly not the defence, for such irregular accounting, is that such liability is incorporated with the National debt. That is true, but it also very distinctly and properly is a part of the railway account. If it were brought into the railway statement, as it should be, fixed charges would reach a total of considerably more than $100,000,000 per annum.

The statement is frequently made in respect to the extension of colonization roads that these roads simply pass the interest upon the amount expended upon them during their construction. In the case of a private company or a privately owned utility company there is an additional cost to the aggregate cost of construction, a cost resulting from the interest charges on the amount expended in the construction until the road is in a condition, if it is a private utility, to pay its operating costs and its fixed charges. That is as much a cost on capital account in respect of the road as money actually expended on construction. According to the report of Mr. G. A. Bell, Deputy Minister of Railways and Canals, which is now published and circulated as a government return, I find that the long-term funded indebtedness of the Canadian National Railways amounted on December 31, 1924, to $2,056,181,516 and on December 31, 1925, it had increased to $2,119,811,644. That is how I ascertained my increase for the year 1925, the difference showing the increase in liabilities of $63,630,128 as I stated.

I call this long term liability because I am not dealing with any amounts owing on current account or petty banking accounts or for materials bought in for the operation of the road. I am leaving this out of account and this amount of $2,119,811,644 would, I think, be somewhat increased if I took into account these other smaller amounts which are changing from month to month during the year's operations.

Of this amount the security held by the public amounted to $931,329,303. Loans from the Dominion government made directly to these companies, not including the old loans made with respect to the Grand Trunk railway to which the Minister of Finance referred, but loans recently made within the term with which I am dealing, amounted in actual cash to $572,685,535. That does not include interest on Dominion government loans or the appropriation account of the Canadian government railways. The appropriation account of the Canadian government railways amounted to $453,935,303 and no interest has ever been charged, and possibly properly so, in the account of the National Railways as accumulating from time to time on this appropriation account. But interest is charged on loans recently made by the Dominion government, which interest has accrued and is unpaid amounting to $161,861,503. This comprises the total amount of $2,119,811,644 to which I have referred. That amount of $453,935,303 is, I repeat, the appropriation account of the Dominion government in respect of the former Canadian government railways, and in dealing with the account of the Canadian National Railways that amount is taken as not bearing interest at all; no interest accumulates from year to year in the accounts of the Canadian National Railways with reference thereto.

Mr. DUNNING: It never did.

Mr. CAHAN: I am not talking about what happened before; I am trying simply to get the fact before the House so that there will be no misunderstanding that the $161,861,503 of interest due and unpaid has nothing to do with appropriations formerly made by the Dominion government for the construction of railway lines. It has solely to do with interest accrued and unpaid on recent loans or advances made in cash in respect of those lines which now form a part of the Canadian National Railways. There is ground I suppose for the contention that this item of $453,935,303 represents money which the Dominion government has put into railways apart altogether from the lines which originally made up the Canadian National railway system and which failed, as the minister said, by reason of the failure of private ownership.

But let me go a little further. Exclusive of this item, that is, exclusive of every dollar that the Dominion government has paid out from 1867 to the date of the organization of the Canadian National Railway system, there are obligations which are directly due to the Canadian National lines. Of these, as I said before, securities held by the public amounted to $931,329,303. On Dominion government account there is a funded debt unmatured and receiver's certificates of $86,816,865, and loans from the Dominion government of $485,868,000, making a total of $572,685,669 for which the Dominion government is directly liable. Accrued but unpaid interest on loans amounts to $161,861,503, so that all this represents an aggregate liability of $1,665,876,340 owing by the Canadian National Railways for principal and interest, exclusive of every dollar expended by the government on Transcontinental and eastern lines.

As the Minister of Finance stated, the interest on securities hald by the public amount to $40,438,235 and interest on loans from the Dominion government to $31,450,381 or a total interest accrued in 1925 of $71,888,616. But the Minister of Finance, if I may refer to his statement in his absence, in introducing the budget, said that for the year ended March 31, 1926, there would be a reduction in the public debt of Canada of $22,353,000, and he added:

> May I again emphasize, Mr. Speaker, that this reduction is net clear of everything?

But the Minister of Finance in dealing with the matter took into account only a loan of $10,000,000 to the Canadian National Railways during the past fiscal year, although the liabilities of the Canadian National Railways, which are a debt of the Canadian people, increased from December 31, 1924 to December 31, 1925, by $63,630,000. So that, exclusive of the $10,000,000 to which the Minister of Finance (Mr. Robb) referred, after allowing for that sum so as to avoid any possible duplication, there was an increase of the obligations of this country, reckon them how you will, fix your bookkeeping how you will, put it in one account or in the other, amounting to $53,630,000.

The Minister of Finance, in referring to this item when presenting his budget, also stated that the annual interest charge on the Canadian National Railways was $71,800,000, in round figures, of which $40,400,000 consists of outstanding securities in the hands of the public, while the balance of $31,400,000 payable on loans made by the Dominion government to the Canadian National Railways he set aside as a mere book-keeping entry and not as a cash item. But the loans made by the Canadian government to the Canadian National Railways were cash items, and the interest paid by the government upon its outstanding bonds and debentures, a part of which was used for this purpose, is a cash item. Therefore, as regards the interest payable to the Dominion government by the Canadian National Railways in respect of the actual cash loaned to the railways and owed by them to the government, I cannot conceive any imaginable reason for not regarding this as a cash item unless you wish to call it a book-keeping item for the purpose of beclouding the public mind as to the real facts of the case. In any case the entries are made in the accounts and the interest is paid in cash out of the government's receipt of taxes. It is taken from the people of Canada and devoted to the payment of interest on obligations of the Canadian people in connection with the Canadian National Railways.

Mr. CAHILL: In computing the increase in the national debt—on which point my hon. friend differs from the Minister of Finance—does the hon. member contend that the national debt has been increased to the extent of the $31,000,000 of interest due the government by the Canadian National Railways?

Mr. CAHAN: I was not dealing with the national debt.

Mr. CAHILL: A moment ago.

Mr. CAHAN: I was dealing with obligations of the National Railways which are necessarily obligations of the government. I quite realize that if there had been received from the Canadian National Railways the interest which was due and payable to the government in respect of government advances, it would have gone into the treasury and have been used either to reduce the national debt or, possibly, to reduce taxation.

Now with regard to the past year, and indeed every year, the Canadian National lines have failed to pay a dollar of the loans made by the Dominion government and have failed to pay one dollar of the interest upon those loans. As a matter of fact the officials of the company and of the government have become so accustomed to dealing with what they call net operating income, and to congratulating themselves and the country upon certain increases in that income, that they have entirely lost sight of the fact that these railways have never so far paid a dollar on interest account due to the federal government. The Minister of Finance indeed, proceeded to set off the $35,000,000 of net oper-

ating income of the National Railways against the $40,400,000 of interest paid to the holders of outstanding securities, and then he naively remarked that there remained a shortage of $7,400,000 which represented the actual cash loss to the railways in the fiscal year.

Mr. DUNNING: I made it five.

Mr. CAHAN: The Minister of Railways in making it five did not distort the figures to the same extent as did the Minister of Finance. It happens that since his colleague has spoken the Minister of Railways has discovered an increase in income during the first four months of this year and apparently hastens to take advantage of it.

Mr. DUNNING: That is wrong.

Mr. CAHAN: I beg your pardon: you were taking it up to March 31, that is to say, the first three months. Now, this certainly is a very quaint, and if it were parliamentary I would say, so far as the public is concerned, a very deceptive way of dealing with the railway accounts. The railways, it is true, according to the figures of the Minister of Finance, did not earn sufficient, within $7,400,000, to pay their liabilities in connection with interest accrued during the year upon the $931,000,000 of securities outstanding in the hands of the public. I give my hon. friend this credit, that he did not glide over it so smoothly as did the Minister of Finance. He has not learned that happy knack yet.

Mr. DUNNING: I must object to that expression. I have under my hand just what I said. I said in one place, "interest payable to the public" and in another place "interest charges due the public." There was no attempt to glide over anything. There was a clear distinction drawn between interest due the public and interest due the government.

Mr. CAHAN: I admit that both the Minister of Finance and the Minister of Railways emphasized the amount of interest due the public, but they slid quietly over the fact of there being some $31,400,000 due to the government. My hon. friend did not slide over it quite so smoothly as did his colleague.

Mr. DUNNING: I object again. I stated and restated that there was $31,000,000 of interest due to the government. There was no sliding over anything and my hon. friend is mistaken.

Mr. CAHAN: Perhaps I should have said "slipped over". The Minister of Finance in his budget statement made no announcement whatever of the fact that of the aggregate interest in like manner accrued, payable and due to the government on December 31, 1925, amounting to $161,861,500, not one dollar had been paid by the Canadian National Railways, although every dollar of that enormous deficiency had been made up by taxation of the Canadian people.

But the hon. Minister of Railways—and I will refer to my notes for fear I may again misquote him, which I would not willingly do; he was so charming this afternoon that I should like to treat him with all courtesy—the hon. minister said, according to my notes, that owing to the excellent earnings of the Canadian National lines during the last year he had a great deal of confidence for the future. I am not giving his exact words, but that is their effect. He said that our railways are excellent barometers and reflect in accurate measure the trade and commerce of the country. With respect to that, I have also prepared a statement showing how the revenues and expenses of the National Railways compare for the years 1923, 1924, 1925. I should like to place it on Hansard.

This is the statement referred to:

	C.N.R.	C.P.R.
	1923	
Gross earnings..	$253,135,487	$192,827,930
Operating expenses..	232,704,838	155,040,207
Net operating revenue..	$ 20,430,649	$ 37,787,722
	1924	
Gross earnings..	$235,588,182	$180,796,044
Operating expenses..	218,343,931	143,258,643
Net operating revenue..	$ 17,244,251	$ 37,537,400
	1925	
Gross earnings..	$244,971,202	$183,356,005
Operating expenses..	212,706,787	143,201,299
Net operating revenue..	$ 32,264,414	$ 40,154,705

That comparison is taken from the financial statement presented to us by the president of the National Railway system, and does not seem to me to support the conclusion that the prosperity of the country has very greatly increased during the past three years if we are to take the returns of these railways as an accurate barometer of the country's condition. Those returns do not show that more freight and passenger traffic was being carried than in 1923, in fact not as much, nor that the domestic trade of the country was largely expanded in 1925 over 1923 and 1924. The total revenue of the Canadian National Railways as shown by those returns, which was over $253,000,000 for the year ending December 31, 1923, decreased to less than $245,000,000 for the year ending December 31, 1925; as between those two years, a decrease

of over $8,000,000 in the aggregate annual revenue. Between those same two dates the net liabilities of the system increased $182,500,000 on capital account, and the fixed charges thereon increased by $6,900,000 per year.

Sir Henry Thornton's latest report shows that as compared with 1923, for instance, the freight earnings in 1925 were $4,758,000 less, the passenger earnings $3,366,000 less, and the miscellaneous revenue $750,000 less. The number of passengers carried decreased from 23,683,781 in 1923 to 22,707,880 in 1924 and to 20,675,239 in 1925. If there was such an assured increase in the business and commercial condition of the country, it is difficult to see how it is shown in a passenger traffic decreasing year by year to the extent of millions as compared with 1923.

Mr. DUNNING: What about 1924?

Mr. CAHAN: I gave it. I will repeat the figures. In round numbers, 23,600,000 in 1923, 22,707,000 in 1924 and 20,675,000 in 1925—a continual sliding down the scale.

Mr. DUNNING: If my hon. friend will permit me, I think his information differs from mine. He says 20,675,000; my figures are 21,675,000 passengers.

Mr. CAHAN: If my hon. friend has the accurate figures of 21,600,000 odd, I must have made a mistake in taking mine from the returns. But even so, admitting that the correct figure is 21,675,000 passengers—

Mr. DUNNING: There is still a decline.

Mr. CAHAN: —it is still less than 1924, and 1924 is less than 1923. Probably in getting my statement typewritten by the stenographers at hand some inaccuracy may have arisen. I am glad you have the correction.

Now, as compared with 1923, the Canadian National Railways last year carried 2,500,000 tons less freight, although the total tonnage was 2,500,000 more than in 1924. I have prepared a comparative statement of the revenue tonnage carried by the Canadian National lines in 1923, 1924 and 1925, which I should like to put on Hansard. The impression seems to be prevalent in certain districts, and in the minds of certain hon. gentlemen on this side as well as on the other side of the House, that the traffic tonnage of the Canadian National lines is chiefly made up of agricultural products, and that these products consist almost wholly of wheat tonnage from the provinces of Alberta, Saskatchewan and Manitoba. But this statement shows that in 1923 the products of agriculture carried by the Canadian National system amounted to 11,600,000 tons—I am allowing the odd figures to go because they are confusing at times; 11,769,000 tons in 1924, and 11,624,000 tons in 1925. In fact the tonnage of agricultural products carried over the National lines in 1925 was less than in 1924 and also less than in 1923. Then the products of the mines also ran down from twenty million tons in 1923 to seventeen million in 1924 and eighteen million in 1925. The products of the forest, including pulp, paper and that sort of thing, remained practically the same. Of a total tonnage carried by the railways in 1923 amounting to 57,248,338, only 6,008,725 tons were of wheat from any part of the country; in 1924, of 52,498,614 tons carried, only 5,317,519 were of wheat, and in 1925, out of 54,999,257 tons, only 5,682,992 were of wheat.

I hope the Minister of Railways will some day, before the close of the session, be so kind as to enlighten our ignorance as to the real cost of carrying wheat over the National lines. There was a return brought down in this House showing that in 1923 wheat was carried at a loss of about $6,000,000 by the National lines, and that in 1924 the loss was approximately the same. I find that in his evidence before the Board of Railway Commissioners at a hearing in March, Mr. F. J. Watson, of the Canadian National lines, repeated this statement under oath. I therefore think it is expedient, in order that we may thoroughly ascertain the real facts, that the Minister of Railways should give us the best information available from the officials of the railway company with regard to the cost of carrying wheat and the revenues derived therefrom. But in any case the Canadian National railway lines in 1925 carried 416,000 tons of wheat less than in 1923. They did carry 365,000 tons more than in 1924, but inasmuch as the wheat tonnage carried was only about one-tenth of the total tonnage, there is little to sustain the contention that the prosperity of the Canadian National Railways is largely or almost entirely dependent upon the transportation to the seaboard of the wheat production of the central west. The following is the table referred to:

9 p.m.

Revenue Tonnage of Canadian National Railways

Tons carried	1923	1924	1925
Products of agriculture	11,638,819	11,769,288	11,624,809
Products of animals	1,677,526	1,583,761	1,571,114
Products of mines	20,115,185	17,426,522	18,097,528
Products of forests	9,851,666	9,154,706	9,515,143
Manufactures and miscellaneous	13,964,042	12,564,337	14,190,663
Total tons	57,248,338	52,489,614	54,999,257
Tons wheat included above in agriculture	6,008,725	5,317,519	5,682,992

The prosperity of these lines in the west is to a large extent bound up with wheat production at present. I am not saying and do not intend to say one word against giving every possible assistance to encourage wheat production in western Canada; I am not advocating any increase in the tariff on wheat in any new rate structure which may be devised; but the Minister of Railways says that the difficulty surrounding the National railway lines will never be solved except by an increase in the traffic over these lines. That is perfectly true, and I say to the minister that he need never look to the production of wheat in the west and its transportation at present rates to solve these difficulties and make the Canadian National Railways self-sustaining. The difficulty with the Canadian National lines and the reason they do not show an increase in tonnage is because of the fact that the domestic production of industry in this country is being demoralized and destroyed from year to year, or if not destroyed, curtailed in every possible way. If you look into any increase in tonnage of this kind, in every case it will be found to be a short haul from some American city to a Canadian city across the border.

Mr. FORKE: Would the hon. gentleman allow a question? Does he not think the production of about $900,000,000 worth of new wealth through wheat and other products of the west will have a great deal to do with railway improvement?

Mr. CAHAN: It will, if you pay the cost of transportation.

Mr. FORKE: The circulation of $900,000,000 of new money.

Mr. CAHAN. We do not obtain from the northwest $900,000,000 worth of new wealth. If my hon. friend will take the entire agricultural production, then the cost of that production, he will get down to the net wealth.

Mr. FORKE: Say the net wealth, then.

Mr. CAHAN: The net wealth is a good deal less than the amount suggested by my hon. friend. That, I say, is a very great advantage to this country, but so far as the Canadian National Railways are concerned this production does not supply in tonnage one-tenth of the total carried by these lines at present, and rather than look solely to an increase of the one-tenth from the west, if the government would look to an increase of the remaining nine-tenths—

Mr. FORKE: I do not like to interfere too much, but I would like to point out—

Some hon. MEMBERS: Order, order.

[Mr. Cahan.]

Mr. FORKE: If the hon. member does not wish me to interrupt, I will sit down. Has he taken into consideration the return traffic westward provided by wheat?

Mr. CAHAN: I am quite willing to grant that. There are 2,000,000 people in the three central western provinces, I believe, and of this number I think from 250,000 to 300,000 are growing grain in considerable quantity. I will admit that the consumption of these 2,000,000 people gives a considerable traffic to the railways, the larger part of that traffic being a short haul north and south across the American border. But hon. gentlemen have forgotten altogether that there are seven other millions of people in this country; that we have in British Columbia, which is not a wheat growing country, and in Ontario, Quebec and the Maritimes, 7,000,000 people who consume, man for man, woman for woman and child for child, quite as much as the per capita consumption of the people who reside in the central west. If these 7,000,000 people are encouraged, if they are allowed to earn a sufficient income to live well, they will give quite as much per capita employment to the National railways as will the supporters and friends of hon. gentlemen opposite in Saskatchewan, Alberta and Manitoba. That is all I am saying. I am not disparaging at all our wheat production. You have never heard from me intentionally any word of disparagement. I am simply trying to point out to hon. gentlemen, if I may use a vulgar phrase, that they are not "the only pebbles on the beach" in this country; there are some other interests which must be considered.

Mr. DUNNING: Will the hon. gentleman permit a question just for the sake of clarity? In arriving at the figures he used relating to the proportion of wheat tonnage—I think wheat was the commodity he spoke of—did he take merely the gross tonnage of the railroad, or did he take a standard of comparison per ton mile? In other words, did he take a ton mile or the gross total? There is a very important distinction to be drawn there.

Mr. CAHAN: I dare say there is. I was simply taking the returns brought down by the hon. gentleman and laid on the table of the House respecting the number of tons carried.

Mr. DUNNING: I may point out that my hon. friend was speaking of the short haul. If he was just taking the gross tons carried, a ton carried between two stations counts just as much in those figures as a

ton carried from the head of the lakes to the Atlantic seaboard, or from some point in the west to Vancouver, and the picture drawn is consequently not a correct one.

Mr. CAHAN: I know that a ton carried between two stations means just as much per ton as the carriage of a ton of wheat from the entire west to the seaboard. I had occasion to look into the matter the other day in connection with this question of freight rates, and a friend of mine, who is engaged in sending salt, dried and smoked fish from Nova Scotia to the west, pointed out an interesting fact. What did he find? He found that the fisherman in Norway can send his salt, smoked and dried fish from a Norwegian port to Vancouver, up to Calgary and on to Medicine Hat, at a less rate than it costs to send exactly the same article from Halifax to Medicine Hat, or to Calgary, if you please. It is this whole freight structure that is so discouraging to many people in the east. I agree that in the case of the long haul great consideration must be shown. But some consideration must also be shown to the people who send their products over the short haul. Now, Sir Henry Thornton in his report says:

> The decrease in short haul traffic is no doubt due to general business depression during the earlier months of the year.

That general depression is shown by the fact that the industries of this country have not been able to produce and to put on the cars, in the case of many factories, so large a tonnage as they had been doing during the last ten years, or even during the last three or four years.

Mr. DUNNING: Have you looked at the earnings for the first four months of this year?

Mr. CAHAN: I will deal with the earnings of the first four months of this year in a moment. I am dealing now with the fact that hon. gentlemen opposite have undertaken to make it appear to this whole country that the railway tonnage of 1925 showed a remarkable increase of prosperity throughout this country, and I am showing by their actual figures, which are available to me down to December 31, 1925, that they do not indicate such a general increase in domestic prosperity, especially when one bears in mind the seven millions of population who reside outside of the three wheat producing provinces.

To what, then, is due the improvement in net earnings? It certainly is not due to the carrying of more tonnage over the National lines. It certainly is not due to any considerable increase in the freight revenue as compared, for instance, with 1923. It is not due to any increase in manufacturing products and the miscellaneous assortment of goods carried. And here I should like to put a comparative statement on record in that connection, showing revenue and expenses under different heads for the years 1923, 1924 and 1925.

The statement is as follows:

Canadian National Railways

	1923	1924	1925
Revenue			
Freight	$185,240,896 71	$171,045,297 89	$180,482,543 54
Passenger	39,285,318 14	37,233,998 44	36,618,481 66
Mail	3,543,078 11	3,595,261 61	3,554,200 23
Miscellaneous	25,066,194 65	23,713,624 61	24,315,977 18
Total	$253,135,487 61	$235,588,182 55	$244,971,202 61
Expenses			
Mantenance of ways and structures	$ 44,778,445 45	$ 44,039,965 51	$ 43,006,813 70
Maintenance of equipment	52,176,320 13	47,972,444 24	47,902,092 16
Traffic	5,792,928 06	6,892,751 22	6,726,472 90
Transportation	120,302,450 60	110,085,033 62	106,477,437 08
Miscellaneous	2,304,105 65	2,381,469 56	2,253,050 54
General	8,063,390 52	7,633,834 05	7,223,773 87
Transportation for investment credit	712,801 88	661,567 13	882,852 43
	$232,704,838 53	$218,343,931 07	$212,706,787 82
Net operating revenue	$ 20,430,649 08	$ 17,244,251 48	$ 32,264,414 79

It will be noted that the total income from freight in 1923 was $185,000,000, in round numbers. It decreased in 1924 to $171,000,000, but increased in 1925 to $180,000,000, still $5,000,000 less than in 1923. The freight passenger traffic ran down from $39,000,000, in round numbers, in 1923 to $37,000,000 in 1924 and $36,000,000 in 1925, showing that in freight and in passengers the revenue was not increasing. How was it the Canadian

National Railways apparently made so favourable and satisfactory a report during the present year? It is due to the fact that expenses were cut down in certain particulars. For instance, maintenance of ways and structures are down by about $1,770,000. Now the expenditure on maintenance of ways and structures may be brought down by a million or two million dollars, but the real matter of interest is whether ways and structures are kept up to the proper standard on those lines. I do not pretend to have any technical or expert knowledge about the matter, but certainly the Canadian National Railways must prepare, in renewing their trestle work and their bridges, for an expenditure not only of tens of millions but running up to at least one hundred millions or more within the not distant future.

An hon. MEMBER: It is about due now.

Mr. CAHAN: And before I am satisfied that in the year in which there was a great election campaign that reduction in maintenance of ways and structures was justified, I want to know whether the ways and structures were kept up to a reasonable standard during the year, and in dealing with these railways we wish to know—

Mr. DUNNING: Will my hon. friend permit me to answer now?

Mr. CAHAN: Certainly.

Mr. DUNNING: The expenditure on maintenance of ways and structures last year by the Canadian National amounted to $43,000,000, as compared with $35,000,000 expended for the same purpose by the Canadian Pacific. The decrease on the Canadian National was $1,033,000; the decrease on the Canadian Pacific was $1,800,000.

Mr. CAHAN: Yes, but does my hon. friend ever go over these two lines? I have gone over them time after time, and there is no comparison between the two systems.

Sir HENRY DRAYTON: The whole question of comparison is of course the rate per mile expenditure in connection with maintenance of way and structures. I have the figures, and perhaps the hon. minister would like to hear them. They are as follows:

	Canadian Pacific	Canadian National
1924..	$2,042 per mile	$1,984 per mile
1925..	1,862 per mile	1,942 per mile

The Canadian National is by a little the greater this year.

[Mr. Cahan.]

Mr. DUNNING: That is my whole point. I did not happen to have the statement and I am glad my hon. friend has given the figures. They show that an effort is being made to keep up the property.

Mr. CAHAN: With all due deference to the present Minister of Railways and to the ex-Minister of Finance, no man who has lived with engineers at his elbow, as I have done; who has sat on the rear end of trains going over the two lines, observing the tremendous amount of trestle work on the Canadian National railways on the section through the mountains, can fail to realize that the expenditure in keeping up the trestle work to any standard must be very much greater per mile on the Canadian National line than upon the Canadian Pacific railway. That is the point I wish to make.

Now there was another decrease in the maintenance of equipment, from $52,176,000 in 1923 down to $47,972,000 in 1924, and further down to $47,902,000 in 1925. Any shareholder or director would want to have detailed information before he would be able to ascertain whether or not those decreases were justified. According to the notes I have of the statement made by the Minister of Railways, we are now to make large appropriations for equipment. I notice one of his statements of principal payments on equipment gives an amount of $7,397,000 during the present year, and on betterments and equipments another capital expenditure of $1,500,000. I do not say it is so, but there is good ground for the inquiry as to whether, during the last year, maintenance of equipment was not kept down with a view to very considerable larger expenditures during the present year upon equipment.

Mr. DUNNING: That matter can be dealt with by the committee. I hope my hon. friend will see that the committee makes every inquiry with regard to it.

Mr. CAHAN: I am not on the committee. I hope they will look into that matter, because there are very pertinent and relevant questions that should be asked by the members of the opposition. I would also suggest that the committee should ask certain questions in regard to transportation costs. As between 1923 and 1925 there was an increase, as shown by the returns, of something like $11,800,000 in net operating revenue, and yet I find that transportation costs have been brought down from $120,000,000 in 1923 to $106,500,000, in round numbers in 1925, showing that more than the entire increase in net operating

revenue comes out of the reduction in transportation costs. That is a matter with respect to which obviously the House should have some explanation, either from the Minister of Railways or from the officials. I am not suggesting for one moment that the Minister of Railways should necessarily be in a position to explain this matter. I think he did excellently in presenting his report to-day, and if he continues in office for another year probably we will have more expert evidence from him personally in this matter.

Sir Henry Thornton does not give credit to the improved commercial condition and increased prosperity of the country for the improvement which he makes in his net operating. He says:

> In the face of the decreased business which obtained during the greater part of 1925, every effort in the direction of economy was put forth and maintained throughout the whole of the year.

He certainly has failed, so far as the report goes, to find any evidence of greatly increased domestic prosperity. I am prepared to give him all credit for that, so far as credit is due, but before the House and the country can form any accurate opinion as to whether credit is due, we certainly should have full explanation with respect to these items before the special committee that is to hear the evidence and then report to this House.

I have not the pleasure of the acquaintance of Sir Henry Thornton. I believe he is a very expert political propagandist. I judge that from what I see in the press. Whether he is a thoroughly competent railway manager is yet to be proved, but this House and the country is prepared to give him every reasonable opportunity to disclose his ability in this direction, and if the government will only assist in promoting the general industrial prosperity of these eastern provinces, I for one feel sure that no matter how extravagant the operation of the Canadian National lines may be, this country in prosperous times would give such increased tonnage and increased passenger traffic to those lines that they could wipe out the annual deficit with which they are now overwhelmed.

Last year, as compared with the year ending December 31, 1924, the products of agriculture carried by the Nationel lines decreased by 144,479 tons, and animal products decreased by 12,647 tons. The products of the mines increased, as did the products of the forest, but the increase in products of the mines was largely due to increased importations from abroad. While the total of manufactured products and miscellaneous items increased, I find that this increase was largely due to importations of petroleum and petroleum products, bar and sheet iron and structural steel from abroad, household goods and second-hand furniture which Canadian emigrants were carrying with them out of the country; and, in addition, our increased export of wood pulp which might under a proper regime be manufactured into paper products in this country. From the detailed examination I made I could find nothing to indicate any considerable increase in our domestic trade, which is relatively of far more importance to Canada than our foreign trade can ever possibly be.

Dealing with revenue freight on the Canadian National lines, I find that it decreased from 18,500,000,000 ton miles in 1923 to 16,900,000,000 ton miles in 1924, a decrease of 8-⅔ per cent, and that it again increased to 18,000,000,000 ton miles in 1925, or about 500,000,000 ton miles less than in 1923.

There is one other matter which I would like to mention and then I will close. The Canadian National Railways own more than two-thirds of the stock of the Central Vermont Railway, which in itself operates about 500 miles of railway in the United States. I can see no reason why the statement of the Central Vermont line should not be included in the annual statement of the Canadian National Railways. It is as much a part of the Canadian National railway system as any of the roads mentioned in this report, and yet this annual report for the year ended March 31, 1925 may be read through from beginning to end without disclosing to the reader or to the country the fact that the Canadian National railway system owns and controls 500 miles of railway in the United States which is operating at a deficit of some $800,000 a year, a deficit which must be borne by the Canadian National railway system. It is only fair to the House and to the country that in future the statement of the Central Vermont railway should be included in the annual report of the Canadian National railway system.

I have moved for a return in connection with the Central Vermont railway prior to December 31, 1925, and I have not yet obtained it, but in answer to a question the Minister of Railways and Canals disclosed the fact that the net income deficit of the Central Vermont Railway for the year ended December 31, 1925, amounted to $822,755.29. That amount must be added to the deficit shown in the report of the Canadian National railway system. For the year ended December 31, 1924, its deficit amounted to $897,062.51 or a little better, it is true, than for the year

ended December 31, 1923, when its deficit was $1,081,675. As I say, I see no reason why these deficits should be excluded from the report of the Canadian National Railways, especially in view of the official statement of the Deputy Minister of Railways in his report of September 15, 1925, to the effect that:

> The practice of bringing down separate statements of operation of component parts of the system will, after the issue of this report, in all probability be a thing of the past.

I hope in future that can be said in truth and in fact. The country demands to know the truth and the whole truth. The country must, at an early date, make up its mind upon the various suggestions, plans, proposals or schemes advanced for dealing with the Canadian National railway system, and in order that it may come to an intelligent decision either upon the proposals which the Minister of Railways will bring down at another time or upon other proposals which we find set forth in the press, it is necessary that we have the whole facts in as clear, concise and intelligent a form as it is possible to give them.

Dealing with the Central Vermont Railway, I find that its funded indebtedness on December 31, 1924 amounted to $32,176,023. That is not included in the statement of the Canadian National Railway. I find that its accumulated deficits on December 31, 1924, amounted to $4,292,854. I have not the returns for the present year ended December 31, 1925, but the total annual deficit of the Canadian National Railways, including the Central Vermont Railway, is shown by the last report of the Deputy Minister of Railways to be $52,779,350 in 1923 and $44,757,481 in 1924. Taking the answers made by the Minister of Railways, to my recent questions, I find that the net income deficit of the Canadian National Railways and the Central Vermont Railways for the year ended December 31, 1925, aggregated $42,267,519. In view of statements which have gone to the press showing that we are growing out of our railway deficits and gradually solving our railway problem by the improvement, it is stated, in the general prosperous condition of the country and by cutting down of certain expenditures for the past year, the people of the country have been led to believe that we are nearly surmounting our difficulties. They do not realize that this railway which is on our hands in the United States and the Canadian National railway system in Canada had together an aggregate deficit of more than $42,000,000 last year.

[Mr. Cahan.]

Mr. DUNNING: I understood my hon. friend to charge me with a lack of frankness. I placed on Hansard this afternoon complete details of the whole matter.

Mr. CAHAN: I have no doubt the minister did. I have not had an opportunity to examine his figures, but I am expecting him to be more candid than some of his predecessors, and I hope he will give to the country full information with regard to these matters so that there may be no misunderstanding whatever.

In dealing with the financial reconstruction of the road, the hon. gentleman suggested, in keeping with the report of Sir Henry Thornton, that the indebtedness due to the government in respect of accummulated interest and for part of the loans made by the Dominion to the railways should be cut down. It was a great pity, it seemed, that the Canadian National Railways in their annual reports should be forced to tell the truth, even though it were not the whole truth, with regard to their financial condition! I would suggest that it does not help the railways nor does it help the country to transfer these liabilities from one account to another where they may be overlooked and probably forgotten. In the pharmacies, as we know, when certain medicines are retailed, the druggists are compelled by law to place upon the label the figure of a skull and crossbones, and I think it would be well for this country if the skull and crossbones of these expenditures, some of them very unfortunate, which have been incurred by Dominion governments in the past, were kept in mind by the Canadian people in order to obviate the pursuit of similarly reckless courses in the future. My hon. friend suggested that even he might be compelled to make some expenditures of that nature. He suggested that certain colonization roads should be considered separately from those Canadian National lines where there is a greater density of traffic.

Mr. DUNNING: I did not make any such suggestion.

Mr. CAHAN: I think I am mistaken in my notes; the suggestion was made by another hon. gentleman. At any rate, there was a suggestion to that effect and I may as well discuss it. The suggestion is that certain roads which may be considered as performing the functions of colonization railways should not be expected to earn their operating expenses for many years to come, and that the deficit created by interest accruing on capital expenditures in connection with

the construction of these roads, and the deficit in connection with ordinary operating expenses, ought not to be stated so clearly and definitely in the public returns. We must, it is said, expect deficits of that kind. Now I submit that until this country is in a more prosperous condition industrially, and in a better position to bear the burden of taxation which now rests upon it, we should place a limit upon the further construction of colonization roads and of extensions to the railroads already built. In my opinion, under present conditions, such colonization roads and extensions thereto should within a reasonable time, say within five, six or seven years after construction, offer a reasonable prospect of paying operating expenses. In this country we should certainly reduce these capital expenditures until we are on our feet again. I would not eliminate all extensions, some of which may be necessary; there are extensions which undoubtedly will pay. But the extensions to existing roads which in the present financial condition of Canada hold out no reasonable promise of paying their way within an appreciable term of years or even within the present generation, should be cut out entirely, until in population, in industry, in commerce, and in trade we have caught up with the railway structure which we have at the moment from the Atlantic to the Pacific.

Mr. JOHN EVANS (Rosetown): The reports of the railways for the year 1925 show a tremendous increase in the trade of the country.

Some hon. MEMBERS: Oh, oh.

Mr. EVANS: Hon. gentlemen laugh at that, but it is a well established fact; indeed, our railway earnings constitute a sound barometer of the trade of the country every year. But this advance, like other trade increases in Canada, is shown to have been due chiefly to the prosperous state of agriculture during the past year. The Canadian Pacific Railway statement, like that of the Canadian National system, is proof that the profits earned by the railways have resulted from the hauling of the wheat of western Canada. A study of the two railway statements should be an effective answer to those who have made the erroneous statement that $60,000,000 more could have been earned by our railways in the hauling of Canadian wheat, and the public will surely realize that there is still some room for a reduction in rates, even both ways. There is no doubt that the Crownest rates on wheat and flour should have come into full force last year, as they were intended to.

After paying all dividends the Canadian Pacific Railway had a surplus of $6,567,690, and their accomulated surplus is now $35,000,000. This, in conjunction with the reports of earnings month by month, will prove beyond question that the carrying of western wheat is the most profitable business our railways are engaged in. I have here a list of the monthly earnings of the Canadian National Railways and of the Canadian Pacific Railway. In 1925 the lowest gross earnings for any month were $11,786,710 in the month of February; in the month of January they amounted to $11,896,513, and in May, $12,467,612. The largest earnings of any month last year were those of December, $19,818,544; October came next with $19,569,188. The net earnings are in proportion mostly with the gross earnings, those for the month of October being $7,444,027, as compared with January, $583,768. This surely is conclusive evidence that the moving of the western crop is the most profitable business that the railways engage in. I have also the figures for 1923, and they are relatively very much the same. The greatest earnings were in October, $23,769,733, with net earnings of $8,160,988, while the lowest were in January, only $720,000. I repeat, this is conclusive evidence that the railways are not losing money hauling western wheat eastward or westward. Indeed in the report of the Canadian Pacific Railway, the president has this to say:

> The relatively small increase in gross earnings is largely accounted for by the depression which existed in Canada during the first part of the year, the effects of which on general traffic were only overcome by the excellent harvests, to which is largely due an increase of $10,354,946 in the gross earnings during the last half of the year.

Then again, in the report of the Canadian National Railways which we have before us the management also emphasize the crop conditions as the means by which the earnings have been made:

> The movement of the large western crop made itself felt towards the end of the year, with a consequent increase in gross revenue of 3.9 per cent for the year.

I do not like to hear hon. gentlemen making statements which are calculated to set one part of the country against the other. In fact the member for Kent (Mr. Chaplin), speaking in this House on May 11, stated that the Canadian National Railways had earned over $32,000,000, but, he added, not one cent of this was earned by hauling the western wheat crop. His words can be found at page 3303 of Hansard. What is a statement like that calculated to do, but to set one part of the country against the other? And there is no foundation whatsoever for such a statement.

There is another feature of the railway problem to which I want particularly to address myself. One of the most prominent planks in the Progressive platform for many years has been the nationalization of public utilities. In 1910, when the farmers of five provinces visited Ottawa, public ownership of public utilities was one of the things they asked for, and at that time public ownership of terminal elevators was a live question. The railway situation as we have it to-day has long been foreseen by the organized agriculturists of the Dominion; at least years ago we warned the country that our railway system could not be left in private hands and made to serve the best interests of this Dominion, particularly the interests of the primary producers It is a plank in the Progressive platform to-day that all railways and their subsidiaries, such as telegraphs and express, should be owned and operated by the government in the interests of the people. We have never yet had reason to change our attitude on this question. The railway situation to-day is such that it carries with it a serious menace to the permanent prosperity of this country. Indeed, it is not too much to say that the time is at hand when the public will demand something better than we are now getting year by year.

Mr. MACLEAN (York): Hear, hear.

Mr. EVANS: We are in such a slough at present regarding railway transportation that only by an unprecedented prosperity extending over a number of years shall we be able under the present railway arrangements to keep the railways, and perhaps the country, solvent. It is true that 1925 has seen a great improvement in the earnings of the National Railways, but we must not forget that it was an exceptional year in wheat production, and we cannot expect such a condition every year. If a series of adverse years came, such as we have experienced in western Canada more than once, railway earnings might be impaired to the extent that even the solvency of the Canadian Pacific might be threatened. Then the country would be called on to shoulder the burden of taking over that system in its adversity as we had to do the Canadian Northern and Grand Trunk railways; and the former at one time threatened to drag down into insolvency one of the strongest banks in Canada, if not in the whole world. To do that at a time when this country would be hard put to it for money for administrative purposes, to meet maturing loans—the payment of which we keep putting off from time to time—for the National Railways might cause us serious concern. It would be better to do this on a rising tide of trade and prosperity than in a time of commercial depression and adversity.

When we survey the British Empire we find that all the overseas dominions except Canada own and operate their railways. It is to this fact I think that we can attribute the close competition that some of our sister dominions are giving us in natural products to-day. Every year our railway problem increases in intensity, until now it is seriously handicapping the primary industries of the country. I am sure it will be admitted that the live stock industry even in Ontario cannot be profitably carried on under present conditions, to say nothing of hoping to keep up an export cattle trade from western Canada and pay the rates we are now paying.

Mr. NICHOLSON: If my hon. friend will permit a question,—how do the rates in Canada compare with those of the government-owned railways in Australia?

Mr. EVANS: I have not the figures before me, but I do not see that my hon. friend's question has much to do with what I am now discussing. One of our great systems is to-day earning dividends of 10 per cent and 12 per cent, besides each year adding a large sum of money to the accumulated surplus, while the people have to tax themselves to make good the deficits of their own system. I do not think that is a very desirable condition.

Mr. NICHOLSON: Are not the rates the same?

Mr. EVANS: The rates are the same but the conditions are not the same. No one knows better than does the hon. gentleman that much of the Canadian National system is scattered in a way the Canadian Pacific system is not, and that many more colonization roads are kept up by the National system. But the foolish competition and duplication which we are tolerating to-day is unceasingly increasing the debt on the National system, on which interest must be paid. Indeed, unless trade increases tremendously, the nearer the National system comes to paying its way the harder will the privately owned system be put to it to pay its 10 per cent. Under our present arrangement one system cannot prosper except at the expense of the other, unless and until our agricultural production is increased to a much greater degree, which at present is very largely prevented by high freight rates.

The present report is good, but we must bear in mind that last year we raised over

400,000,000 bushels of wheat which had to be transported. When we consider the purchasing power throughout this country of a good crop, it is not to be wondered that we are facing this year a more favourable situation than formerly obtained. A total sum of about $76,000,000 has been earned on the two systems this year, and indeed it is not too much to say that with a saving in operating expenses, which might be expected by amalgamation, and the elimination of all duplication, a favourable rate of interest might have been paid on all capital expenditure.

When our railways are run in a manner becoming to a democratic country there is no doubt that all rates on both long and short hauls can be lowered, and our exports increased because of the easy movement to the seaboard of what we have to sell. Industry really depends on the ease with which our products can move to the markets of the world.

Belgium has owned and operated her railways from the beginning, and there is no sign of a desire to change. Government ownership of the railways obtains to-day in some of the most diverse countries and among some of the most diverse peoples. Turkey, Russia, Switzerland, Austria, Germany and India all own and operate their railways; they realize that railways, like highways, should be owned, operated and controlled in the interests of the people rather than for private gain. Indeed, to me it would be just as reasonable for the province of Ontario to turn its splendid system of highways over to private individuals, to be maintained and operated by them for gain, as to have our railways in private hands. We have loaded our people with a scattered, over-capitalized concern, putting them as well under the disadvantage of competition from a privately owned enterprise.

Another feature with which we have to contend, with half our railways privately owned and half government owned, is the intrigue carried on in the interests of the privately owned company. We have seen branch line bills passed by this House and thrown out by the Senate, and to-day we can point to extensions of the privately owned concern which have been constructed practically on surveys first laid out by the Canadian National system. So I say that our present railway situation cannot be considered as permanent. It will be better to make an amalgamation now than to wait until circumstances are intensified, or until we are forced to take that step.

There are several fundamental things to be considered in our railway problem to-day. It is a basic economic necessity that the people should retain control of the machinery through which they are subject to taxation. In this respect the railways serving this commonwealth should not be considered, as I said before, differently from the provincial system of highways. To provide and maintain a nation's means of communication is a function of sovereignty; it is an economic blunder, then, to permit private individuals to exploit the people through a public or national utility. Along with the Canadian National deficit, the excess earnings of the Canadian Pacific Railway cannot be considered other than as a supertax on the people, wrung from the necessities of the nation, and there is no reason why this should be so. There is no better time than the present to bring both systems under government ownership and control, when means can be taken to cheapen transportation, and permanent economic methods of operation may be adopted.

10 p.m.

Mr. R. S. WHITE (Mount Royal): Mr. Speaker, I hope the House will not think the members for Montreal are endeavouring to monopolize the early discussion of the railway question, for I can assure the House that I will be on my feet but a very few moments. Those who are familiar with the Bible, as I presume some of you are, will remember that in the book of Exodus Moses said to the Lord, "I am slow of speech, and of a slow tongue," and he suggested that Aaron, who was more fluent, should carry the messages. I am a Moses in that respect, and it is somewhat comforting to know that the House is not lacking in Aarons. I desire to join in the felicitations extended to the Minister of Railways (Mr. Dunning), on the occasion of what I suppose it is fair to call his maiden speech, for the temperate tone of that speech and the absence of acrimony and of anything of a partisan nature. It does not, in my opinion detract from the merits of the minister's speech that he followed closely the annual report of Sir Henry Thornton.

I do not intend to go into any analysis of the earnings of the railway or of the character of its traffic. We know that the first six months of 1925 were lean months, and that the second six months, in consequence of the very abundant harvest, were fat months, and that the railway emerged from the year in considerably better financial condition than in 1924. The hon. member for St. Lawrence St. George (Mr. Cahan) has, in considerable detail, analyzed the financial

statement, and I am bound to say that I was impressed by the assertion of the hon. member for East Algoma, (Mr. Nicholson) that in estimating the items chargeable against operating expenses several that should fairly be taken into consideration had been omitted. But if the basis of comparison for the last three or four years has been the same I would not attach a very great deal of importance to that point. Nor am I disposed to discuss the question of public ownership alluded to by the hon. member who has just spoken. I am one who firmly, and I fear unalterably, supports the principle of private ownership under government control. I thought when a recent Conservative government acquired what is now the Canadian National railway system a mistake had been made—that those roads should have been allowed to go through the hands of a receiver, and that their capital should undergo reorganization by that process. I do believe that not one mile of necessary railway in Canada would have ceased to be operated had that method been adopted. But it is fair to remember that if we have in the Canadian National railway to-day a white elephant upon our hands—though Sir Henry Thornton predicts that it may become somewhat different in hue—the policy of acquiring the various systems that now comprise the Canadian National Railways would never have become necessary but for the mad, insane,—aye criminally insane,—policy of the Liberal government in promoting and constructing thousands of miles of railway in excess of the requirements of Canada. We have heard a great deal of the failure of private ownership in the case of the Canadian Northern, of the Grand Trunk Pacific, of the old parent Grand Trunk if you like. But it was not private ownership that failed in the case of the Canadian Northern or the Transcontinental. It was the imbecility of the government that caused the failure of these roads. Had the Liberal government contented itself with the single Transcontinental in competition with the Canadian Pacific there would have been reason to believe—indeed I think a strong probability—that the one road would have succeeded in spite of the difficulties that arose out of the war.

I am willing to accept the figures, and not go behind them, as to the net earnings of the Canadian National railways in 1925 amounting to some thirty two and a quarter million dollars. One of the reasons why I have attempted to address the House on this subject is my fear of an early effort being made to write down the capital charge of the Canadian National railway. Sir Henry Thornton in his report for last year—as he also did, as hon. gentlemen will remember, in his report for 1924—alludes to that question. He says:

> During the year a searching examination of the company's financial structure has been under way. . . . The work is being performed effectively and it is expected that, during the current year, definite proposals having for their object the placing of the company's finances on a sound and permanent basis will be presented.

What sounder basis could the finances of the Canadian National Railways have than the credit of the Dominion of Canada? The Minister of Railways hinted at the probability —I do not say the desirability, perhaps possibility would be the better word—at the possibility of such readjustments of the finances of the Canadian National Railways being made as would involve a writing down of the capital charge. Now my point is that if you wrote down the capital account of the Canadian National Railways—presently upwards of $2,000,000,000—if you wrote it down to a dollar you would not save the taxpayers of Canada one single copper. What you would do is this and this only—you would transfer the item from the railway accounts to the accounts of the Dominion of Canada, but every liability of the railway whether to the Dominion government—which is a book-keeping item—or to the investors in Canada and elsewhere who hold the bonds, every charge arising would still have to be paid by the taxpayers of this country. What I fear, and greatly fear, is this: That our friends to the left, known as the Progressives, and others, not merely in the western provinces but in other parts of Canada, having the capital of the road written down, we will say to $500,000,000, and an annual statement of receipts and expenditures showing that interest on $500,000,000 had been earned and that a substantial surplus of five or ten million dollars had accrued over and above that charge, would immediately and incessantly demand that the carrying charges be reduced because of these circumstances. We know already from the events of the present session the power of the Progressive party over this parliament. And if the government so manipulated the finances in connection with the capital charges of the Canadian National railway that an apparent surplus was produced in the operation of the road, I am as satisfied as I am of my own existence that that party would say to the government, "You must have no surplus on government railways, but you must reduce the rate to the point where income and expenditure balance." But all

the while the taxpayers of Canada would be required to pay precisely the same amount as they are paying to-day.

I fear our western friends are sometimes prone to forget that in connection with the organization of the Canadian National railways, the eastern provinces did not get a square deal, and I will explain what I mean by that. If my memory serves me rightly, the Minister of Railways this afternoon stated that something like $170,000,000 of guarantees in connection with the construction of the Canadian Northern and the Transcontinental had been given by the four western provinces. The province of Quebec and the Maritimes did not give one single dollar, yet when the Dominion acquired this system all the liability attached to those guarantees fell upon the people of Canada at large. If the proper course had been adopted the liability would have fallen where it belonged, upon those who gave the guarantee, namely, the western provinces. I do think it is only fair that our friends of the party to my left, when they are criticizing what they think is a lack of generosity on the part of people in the central provinces, should remember that fact.

I am unable and have always been unable to understand why the Canadian government should operate unprofitable railways in the United States. The case of the Central Vermont was cited by the hon. member for St. Lawrence-St. George. The people of Canada last year had to meet a deficit in operation in respect of that road, over and above interest charges, of upwards of $800,000, in order that the people of the United States, where the larger mileage of that system is located, might have rates so low as to be unprofitable. Take the Island Pond and Portland branch of the old Grand Trunk railway, which is now operated by the Canadian National, and consider the inconsistency and the anomaly of the policy of the government in respect to that piece of road. The Minister of Finance announced in his budget—and the statement was received with applause on both sides of the House—that hereafter the preferential tariff would apply only to goods imported direct into Canadian ports. In doing that he struck a blow at the Portland end of the Canadian National Railway system. I do not complain of the government's policy in the encouraging of trade through our own Maritime and eastern Canadian ports. On the contrary I entirely approve of it, and I would go so far as to say that not only should imports through our own ports be encouraged, but that exports also should be encouraged. But if we could succeed in a national policy of that kind; if we had strength enough in Canada to stand up for Canada alone, what would become of that section of the Canadian National railway between Island Pond and Portland? That railway is the property of the people of Canada. Why should we continue to travel with this old man of the sea on our back in the shape of an unprofitable road? I complain that there does not seem to be courage or activity enough on the part of ministers of the crown to grapple with questions of that kind and apply to them the Canadian doctrine and the Canadian doctrine only.

These are the two points that I desire to present to the House. I emphasize the danger of writing down the capital of the Canadian National, which danger will become a menace when a surplus upon a fictitious capital compels a reduction of railway rates to a point below service at cost. While I hold no brief for the Canadian Pacific Railway, I say that no proper consideration of the railway problem in Canada can be given if we disregard the services that the Canadian Pacific Railway have rendered the people of this country.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, I could not use the time to any advantage to carry through a further analysis of the figures contained in the annual statement of the Canadian National Railways. Such analysis would be worthless, because it has already been well done by the hon. member for East Algoma (Mr. Nicholson) and the hon. member for St. Lawrence-St. George (Mr. Cahan). I do not wish to reflect at all on the fairness or the care with which the minister himself presented the figures which are embodied in the annual report. My only comment of an adverse character, if it may be called such, would be this: that his statement to-day was too much a compilation of the figures which already appear in that report, contained too much in the way of mathematics and too little in the way of illumination. While we are blundering or burrowing through the trees and the underbrush we are apt to lose sight of the woods, and I am afraid the House, during the statement of the minister, lost its conception of the great big outlines of the situation in a mass of necessary, but at the same time not very useful, details.

I take a very keen interest in the annual railway discussion because it has to me an historic aspect. I watch with curiosity the conduct of members of the government and their supporters while the colours are being painted of the progress of the National system. This system has a history; we became its owners after a series of fatalities of a dimension unprecedented in history of a

country the strength of ours, railway fatalities which shook the very foundation of our finances and clouded our future. Out of the chaos of it all emerged the present great system.

I am in accord wholly, or almost wholly, with what has been so gracefully said by the hon. member for Mount Royal (Mr. White). As to the cause of those calamities there can be now no question whatever; each and every system which came to its crash came because of blunders of public policy to which those systems became a party. The only feature in which I must differ from the hon. member from Mount Royal is this, that of the alternatives more or less ghastly which presented themselves, the only one that after very thorough review seemed to be acceptable at all was that of amalgamation under government ownership. He seems to feel that we might have preferred the alternative of liquidation. In respect to one of the systems we did accept the alternative of liquidation; I refer to the Grand Trunk Pacific, which seven years ago last March fell into the hands of the receiver. Who was the receiver? Who was there standing around ready to receive? It was in a position where it had to be operated; there was no alternative in our control except operation. Towns and cities were built along its lines; other industries depended upon it; but there was nobody on the horizon ready to take the position of receiver, provide the money and run it. The Dominion of Canada was the guarantor of millions of its bonds, and if anybody was to suffer by the reorganization of its finances we of course would be the first, if not indeed almost the only sufferers. Consequently, we became receivers; we are receivers to-day; the system is in liquidation yet. I would like to suggest to hon. members that we have not saved any money by the process of liquidation; nothing has been gained by the step. Supposing we had applied the same process to other systems; supposing we had applied it to the Canadian Northern; who would have taken up the Canadian Northern and operated it? Where was the philanthropic organization or corporation lying in wait ready to assume that responsibility? No voice was heard at that time, and if anyone had applied, the millions which first would have been squeezed out would have been the millions of the people of Canada, because we were guarantors of the Canadian Northern and we were compelled to become guarantors in order that the system might be rescued from a state of incompletion and worthlessness and brought to a state of completion and use.

The next was the case of the Grand Trunk. Why did the Grand Trunk approach a state of liquidation? What was the reason that the Grand Trunk, in the words of its president, "reached the end of its tether"? The reason was that the Grand Trunk was guarantor of the defunct Grand Trunk Pacific. The guarantees of the Grand Trunk to the Grand Trunk Pacific were so enormous that under them the Grand Trunk could struggle no longer. Of course it might have gone into liquidation also but what would have been the result? Those guarantees would all have been wiped away; somebody else would have owned the assets and the liabilities would have been removed. The Grand Trunk Pacific, the white elephant, would have been on our hands with no support for it at all. Who would have owned the assets? I pause to see if there is any suggestion from any hon. member as to who could have been the purchaser at the liquidator's sale. Is there any corporation in the mind of any hon. member? What other railway corporation was there in this Dominion? There was only one left. Whether that one would have purchased or not we do not know. If anyone can suggest anybody else who would have been the purchaser of the system as such under those conditions, undoubtedly his imagination and retrospect are powerful indeed.

We had a system truncated in western Canada with two lines protruding away into the east, ending nowhere, not connected in eastern Canada in such a way as to furnish any traffic to the railway at all. Would it have been the part of business for us to permit the only hope of gathering traffic in eastern Canada to go on the liquidator's block to be sold to the rival corporation? Those things need only to be stated to be understood. This was the only option. We were not anxious to rush into additional responsibilities; our responsibilities had already become terriffic at this time without further railway obligations, but circumstances were beyond our control. Those circumstances had been set going by the follies of ten years before; those circumstances were such that we had to deal with them, and in dealing with them we had only one course to pursue. The matter was one not of choice, but of the inevitable.

But the curiosity of the history does not end there. Though this situation was forced upon us, hon. gentlemen now members of the government pictured the step which we were taking as one of madness leading directly to financial chaos in Canada. Government ownership suddenly became not only a folly, but a crime; we were painted not as having crushed the life out of the poor British stockholder or bondholder, but rather as

having conferred a great favour upon him and wasted millions of the money of the taxpayers of this country in unnecessary philanthropy to those British stockholders. A general election came on and not all hon. gentlemen opposite but the majority of them who were elected were elected because of denunciation of the step which we took one year, two years and three years before. They were elected on a platform of direct antagonism to government ownership in every form. The dire consequences of the folly, as they described it, which the late government had perpetrated was pictured in language lurid and memorable. I remember at that time being in Montreal when the billboards of that city were plastered with advertisements of Liberal candidates in the metropolis. One of these advertisements clings to memory very firmly. It was one prepared by the late member for St. Lawrence-St. George. His manly photograph was its principal feature. He was pictured with his arms folded, and below that picture there appeared this simple text: "I am against government ownership." Upon this declaration was he elected, and thus was the whole array elected. What has been the story since? I congratulate hon. members of the government upon the thoroughness of their conversion, and I congratulate them upon the fact that years of experience in office or of responsibility have not been in vain. And now this child whom they buffeted and beat, this child they took to their bosom. Of its parentage they boast and they proclaim it to be the hope of the country. They stand up now and in language of eloquence defend the whole principle and practice of government ownership.

I am glad to see anything that looks like a betterment of conditions in the Canadian National railway system. I believe the last year had something of improvement over the year before. I believe that, with the exception of one reverse, there has been a pretty general improvement ever since 1920—indeed, ever since the end of the year 1919. Large outlays were for some time essential. We took one road in complete dilapidation and another in semi-dilapidation; we took roads which were disjointed, never having been made to be operated together. And the process of conjunction necessarily was more or less difficult. It meant that sums had to be spent in resuscitation and improvement. New life was seen at the end of 1919, from which date up to the present time the system has progressed. And never was the progression so rapid as it was in the years 1920, 1921 and 1922. At the same time it is well to recall—for I have heard some remarkable utterances made in this House even during the present session still more remarkable statements in the course of the campaign—just how this process of amalgamation was effected. I have heard the late member for Regina declare that this government found the roads in a state of chaos and of severance one from another, with three or four different managements, one management overlapping the next; and that in the exercise of its great genius for organization the present administration had worked out a plan which had brought the railways together, this having accounted for the improvement noticeable to-day.

Well, what are the facts? Are hon. gentlemen opposite really responsible for any amalgamation at all? Is any alteration whatever in the railway policy of this country due to anything they have done? Have they done anything more than sedulously to pick out the footsteps of their predecessors, forgetting that they had reviled them and to try to follow them as carefully as possible? The whole plan of amalgamation was worked out by the late government; the whole legislation was put on the statute books by the parliament which preceded the election of 1921. And that legislation stands unchallenged to this hour. That legislation provided that the moment it could be done each and every system owned by the government should be brought into one great unit; and at the time the late government went out of office the execution of that legislation was all but complete, all branches of the railways now constituting the National system having been gathered in, with the single exception of the Grand Trunk. In respect of that exception a clause was there in the legislation which had been passed providing that, at the first opportunity which offered, the government should by order in council take steps to bring in the Grand Trunk. Why had it not been brought in before we went out of office? For the simple reason that this could not be done pending, not only the completion of the arbitration proceedings, but the execution of the arbitration award. This took place during that fall. There was an appeal, and that appeal had necessarily to be disposed of before the Grand Trunk could be brought into the National system. That appeal was not finally disposed of until shortly after or about the time this government came into power. They waited for another ten months before passing the order in council under the legislation which had been on the statute books for years providing for the incorporation into that great system of this last outstanding unit.

This is the history of the evolution of what is now the Canadian National Railways. We are glad to see any evidence of betterment, because betterment in the National Railways means betterment in the condition of the Canadian people. The National system is just another phase of the national activities of Canada, it is just another account on our national balance sheet. But while we are glad to see any improvement in our railways we do not want to be deceived merely by appearances, nor do we want to be misled by cunningly worded sentences. I am afraid we are not in so much better condition as so many hon. gentlemen imagine. I am impressed by the analysis made by the hon. member for St. Lawrence-St. George, who pointed out that while we provided last year only $10,000,000 we find that the National Railways owe this year some $63,000,000 more than they owed a year ago. That is to say, at the end of 1925 they owed about $63,000,000 more than they owed at the end of 1924, and this in the form of funded, that is, long distance, liability. If one takes the other liabilities one finds that there was a still greater increase in the debt: the exact figures would be $65,798,349.62, taking into account some $2,000,000 extra of increase in other liabilities over other assets as compared with the year before. This is a serious increase in the public indebtedness of Canada—because it is public indebtedness. It does not matter whether the government as a committee of parliament or as an executive council has guaranteed the indebtedness or not; it is our indebtedness. Our representatives borrowed the money and we, standing behind those representatives, have to see that money paid. It is just as much our indebtedness as if we had borrowed it on the bonds of Canada and put it into the national treasury. This fact must be borne in mind.

Hon. members will recall that in the budget statement it was claimed—and for the present I do not dispute it—that the national debt account proper was reduced by $22,000,000. Very well. This phase of the national debt is increased by $65,000,000. I know that of that $65,000,000 $10,000,000 is loaned by the Dominion; therefore it has to be added to the first account, and it cannot be added to both. Deducting it we have $55,000,000 left. So that with $55,000,000 of an increase in one place and $22,000,000 of a diminution in another we have a net addition to the Canadian burden of $33,000,000. And we are so proud of the accomplishment of being $33,000,000 more in debt that we throw our hats in the air, kill the fatted calf, place an order with the liquor commission and reduce our taxes!

It is just possible to become too enthusiastic over the situation that confronts us, especially when we analyse the cold facts. I know the increase of the debt is not as much as it was the year before. I listened with some admiration to the skill with which the Minister of Railways informed us with enthusiasm that the increase in the debt was not as great this year as last, or last year as the year before, that we were almost improving—were not getting worse as fast as we had been. That is what it means. The year before the increase was $118,000,000; the year before that $116,000,000. I do not want to be taking credit where credit is not due, but I would certainly like to think that some lesson had been taught by the debates in this House last session, that the wild reign then prevailing in the National Railways was somewhat checked, and that now we are at least not going at the pace in capital expenditure that we were then. Still, it is serious enough. This country, with a debt so tremendous as that under which we groan, and adding to it this year on railway account $65,000,000, should not become over-enthusiastic and feel that money is water.

I do not think you can ever run a railway without some capital expenditure, but undoubtedly after the road was rehabilitated and put in the condition it is in to-day we ought to be able to get on with substantially less capital expenditure than we made last year. We are told: Oh we voted $50,000,000 for the railways last year, and they only needed $10,000,000. I could not help pausing in admiration of the finely palatable verbiage used by Sir Henry Thornton in connection with this matter. It is to be found at page 6:

> In the Appropriation Act for 1925 the sum of $50,000,000 was voted for Canadian National purposes during the (Dominion) fiscal year ending March 31, 1926. It has only been necessary to obtain $10,000,000 of this amount from the government. Payment of the balance has not been required, partly because of increased resources due to larger gross and net earnings than were expected, and partly as a result of substantial reductions in the purchase of materials and supplies, also partly by use of working capital.

Those of us who are outside the holy of holies of railway finance will be greatly impressed by that language. Let me read the next paragraph and see the light it throws upon that statement.

> In February 1925 there were issued $17,000,000 Canadian Northern 4½ per cent ten-year guaranteed gold bonds and $18,000,000 Canadian National 4½ per cent five-year guaranteed gold bonds. The $17,000,000 issue was practically speaking a refunding of two Canadian

Northern issues, namely, $6,000,000 which matured in December 1924, and $11,000,000 which matured in March 1925.

The $18,000,000 was for new construction. In other words, we are first told that we did not need the $50,000,000 but only $10,000,000, the reason being improved conditions, increased resources, higher net earnings and the use of working capital. In the next breath we are told that $35,000,000 more was borrowed. In a word, we did not need the $50,000,000, we needed only $45,000,000; we borrowed $10,000,000 from the government and $35,000,000 from somewhere else. This is the residuum from the paragraph.

Now, Mr. Speaker, I ask you, on what security did the Canadian National borrow that $35,000,000? Are we to fold our arms and feel quite secure and indifferent to the whole situation because they borrowed it without the express guarantee of the government of Canada? Does anybody believe that the Canadian National could borrow the price of a used tie except on the security of the Canadian people? Did anyone ever hear of a corporation which does not pay, and cannot pay, one-half of its fixed charges going out into the money markets of the world and borrowing money at 4½ per cent? Did anyone ever hear of it in the world's history? The reason they were able to borrow the money was because the money lenders of the world knew that the Canadian National Railways represented the people of Canada, and that the people of Canada had to see that debt paid. It is our debt. So the result of this whole paragraph is simply what I have stated: We did not need the $50,000,000, we only needed $10,000,000 because we borrowed $35,000,000 somewhere else.

There is another paragraph which mystified me at first and afterwards amused me. It is on page 7, and I suggest to the minister that he never try to "paint the lily," that he never try to improve on the smoothness and the beautiful coating of the language of this report. When reserves of fuel or of ties are reduced, one would think it was something to be admitted in the report. If those reserves are reduced by a million dollars, it just means a million dollars more appears in the earnings account; if by two million dollars, why it means that there are two million dollars more to the credit of net earnings. This year we have an increased credit of net earnings, but we find in this paragraph that $7,876,460 of that amount was secured by selling off fuel, rails, ties and so forth. I do not say it was wrong to sell them, but I know that if we increase the net earnings by selling those stocks, it is only a fictitious increase. Now, one would think that would be stated in the report by way of admission, but wait until I read the beautiful diction in which this admission appears:

Expenditures on this account were considerably less—

That is, purchasing and stores.

—in 1925 than in 1924. During the year there was but little fluctuation in the price of materials. A determined effort was made to reduce stocks by close supervision and the development of improved methods. The quantities of materials and supplies on hand, including ties, fuel, rails, and so forth, at the end of the year amounted to $7,876,460.79 less than in 1924.

I do not think I ever knew a virtue to be made of necessity more skilfully than that.

Mr. EULER: Does the right hon. gentleman state seriously that earnings are increased by reason of the sale of stocks on hand, or any other assets?

Mr. MEIGHEN: It says so. Of course, they would be one of the expenses of running the road.

Mr. EULER: You are merely changing that asset into another form.

Mr. MEIGHEN: But it certainly is reflected in the increased net revenue.

Mr. EULER: That is different from earnings, though.

Mr. MEIGHEN: When you are boasting of net revenue you have to remember that you have $7,876,000 less coal.

Mr. EULER: There is a difference between earnings and revenue.

Mr. DUNNING: Not coal.

Mr. MEIGHEN: Well, ties, fuel, rails.

Mr. DUNNING: Yes.

Mr. MEIGHEN: That is what I am pointing out. We must remember that we have that much less on hand, and it is because of that fact that our earnings are so much more. But, Mr. Speaker, there was one slip in the composition of this report. I look at page 8 and wonder where the skill of the draftsman passed to. He says frankly:

Passenger earnings decreased by $615,516.78, as compared with 1924 earinngs. The number of passengers carried showed a decrease of $1,032,641.

Why such a bald, crude statement as that? In accordance with the plan adopted in the rest of the report that passage should have read about like this. "The management was very much impressed with the extravagance

of the general public in indulging in unnecessary passenger traffic, and a determined effort was made to curtail the propensities, especially of the poor, in this regard. The herculean efforts of the directorate met with great gratification, and $615,516.78 was saved to the Canadian public." Had this clause been worded as I have suggested this would have been in line with the plan adopted in the remainder of the report.

It is true that the earnings of the company were substantially increased over those of 1924, but compared with 1923 they are not as good; the result is some millions, I have not figured it out exactly, less than the result of 1923. Consequently it is not something to lose our heads over, and especially is that so when we read this most significant sentence, found on page 8:

> The Dominion government estimate for all grains in the Canadian grain crop for the calendar year 1925 was 1,126,113,100 bushels, an increase of 33.5 per cent.

That is an increase of more than one third in a single year. This is a phenomenal year; this is the year out of which these results grow. I know that the entire result could not have been expected to be reflected in the railway statement of 1925; it is reflected in the four months of this year which the minister quoted as well.

Mr. DUNNING: There was less grain moved in 1925.

Mr. MEIGHEN: There was a great deal more wheat, although a little less grain; wheat is the long haul, which accounts for the increase in 1925: Nevertheless the stimulus which that crop gave was such that the total increase in earnings is certainly not something we should go wild over. We had no very great result, but I hope this year will show a much better result and a much finer reflection of the abundance of last year's harvest than has been seen so far.

Hon. gentlemen have sought to argue that we are getting on just splendidly; that the rates are all right, and everything is fine. But I notice that the minister said we could not possibly pay our interest, and we cannot pay our interest right out in western Canada, the very place we are getting all this grain. The minister says there are guaranteed 4½ per cent Grand Trunk Pacific debentures, and we have to let these bondholders go without their interest, as we have done since I don't know when, with the exception of the year 1923. Well, we are not paying these debts; this interest really is not our debt in the sense that we have not guaranteed it, but it

11 p.m.

is the debt of the railways we are running, and while we cannot pay it we should not be throwing our hats into the air and saying how well we are getting on.

I do not know that I understand exactly the reasoning of the government in relation to these 4½ per cent debentures. I am quite in agreement with the government that the holders of the Grand Trunk securities have no complaint whatever as to their treatment at the hands of the Canadian people. I am not going to make the statement that the holders of the Grand Trunk Pacific securities have no shadow of complaint, neither am I going to say that they have, but I must say that I am somewhat troubled about it. As I understand the situation the Grand Trunk Pacific among its other securities issued these 4½ per cent debentures, the interest of which was undertaken to be paid by the Grand Trunk Pacific, together with the principal at maturity. The interest was guaranteed as well by the Grand Trunk Railway, the parent company, but the Grand Trunk Railway limited its guarantee to the excess of its earnings over its own interest responsibilities. If it had no earnings over and above what it had to pay on its own debentures, it was not liable. The minister says that contingency has not arisen; the Grand Trunk is not earning more than the interest on its own outstanding liabilities. I accept his word, but I know that that is still a debt of the Grand Trunk Pacific. There is no condition there; the Grand Trunk Pacific agreed to pay it, with no reservation whatsoever. I know the Grand Trunk Pacific is in liquidation, and there is some distinction; there is certainly a wide legal distinction because of the fact that it is in liquidation. But are we quite sure that the distinction is enough? How long are we going to keep the Grand Trunk Pacific in liquidation, using the fact of that liquidation as an excuse for not paying its debts? It has now been in liquidation for seven years, and should surely be liquid enough by now. There may be some reason for continuing it; I do not know at the moment what it can be, but unless there is some reason of which I have not heard so far, I would ask the minister to take up seriously the question of making some arrangement in respect of these debentures. I have never been approached by one of these debenture holders; I have spoken personally to

Sir Henry Thornton about the matter, but I think I have never discussed the subject with anyone else outside this House. But I do not like the idea of this country running a railway and refusing to pay the debts of that railway.

There is another application of a different character; I do not think it is on so strong a footing, but it is worth mentioning. The Canadian Northern Railway has what is known as income debenture stock, amounting to about $25,000,000. These bonds carry interest at 5 per cent, but this interest is not payable unless it is earned. Strange to say, these debentures sold at above par; the purchasers bought them believing that the Canadian people would charge themselves such rates as would enable them to pay the interest on the money which built the road. Now the management say, "We have not earned the money". I do not say they have; I do not know, but it must be remembered—and I ask the hon. member for Rosetown (Mr. Evans) to keep this in mind—that these debentures are a charge on those very railways of which he spoke most. And they are only a second charge; added to the first charge they make only a very small capitalization of the whole Canadian Northern system in the west. They have nothing to do with the Ontario branches nor with the others in the east, but are a second charge on the great branch line system of western Canada, upon which the entire development of over half that country depends. We have not paid a cent of interest since 1914, not a nickel. And while we refuse to pay one cent of interest we stand up and boast in this parliament that we are getting along just uproariously, and our rates are plenty high enough. I do not know that it is a very manly boast. I am not saying that legally we are bound to pay, but if we are in the position that we are not legally bound because of our poverty, do not let us be heralding to the world that we are wonderfully prosperous because of our low rates. The two claims do not harmonize at all. I ask the government to consider both of them. The first is on the stronger footing—much stronger, it seems to me. We should not be content to rest on our oars and boast that we are doing our duty and paying our way when as a matter of fact we are using the money of others and refusing to pay a nickel of interest upon it.

Now, Mr. Speaker, I do not care to make any further comment at the present time save this: I wonder did the minister, before he made his statement this year, read the statement of the Minister of Railways last year? If he did he could not have missed certain prophecies of reform with which the minister furnished the House just a year ago. Why, the speech at that time was charged with a certain prophetic illumination. Great things were going to come. The minister was against monopoly—but not so very much, you know. He wanted it only when other remedies were exhausted. The phrase "No monopoly by land or sea" had not then been born; but the word "co-operation" was in constant use. The minister kept telling us that he had compelled the president of the Canadian National Railways and the president of the Canadian Pacific Railway to get together, and to find some way of remedying the evil of duplication and the tremendous expense it was to the Canadian people. He told us that he was determined on this policy, that he was determined to get somewhere with it. His language will be found at page 2921 of Hansard of last year. He is reported there as saying:

> I am going to ask the railways to see if they cannot devise some plan by which savings can be effected in this respect, because I frankly confess that at the present time I am not in favour of a monopoly on the part of either private or public ownership. If that cannot be done—and this is not a threat at all—I shall consider advisedly the question of asking the Railway commission or its chairman to sit in on the job to see if some satisfactory arrangement cannot be arrived at. One hon. gentleman said the other day, quite rightly, that in his opinion if the problem is to be settled it must be by means of a friendly agreement. But if a friendly agreement cannot be reacched then I am going to suggest that by some method the Board of Railway Commissioners be allowed to have some say in outlining a plan that would bring about the desired result without injury to either of the railway companies.

We did not hear very much about the harvest from these efforts in the speech of this afternoon. Have all these words vanished into air? Are all these prophecies forgotten?

Mr. DUNNING: I may say that considerable progress has been made along that line by the heads of the two railway corporations. It is true I did not deal with the subject this afternoon, because the details were not immediately available with respect to the actual services curtailed. But I am informed that progress has been made in that direction.

Mr. MEIGHEN: It would have been a fair subject for information to the House if anything had resulted, and it would have been additionally interesting for the reason that I am sure none of us have been able to observe anything in the removal of duplication.

Mr. DUNNING: I may inform my right hon. friend that I have received very serious complaints from many sections of the country during the short time I have been minister on the reductions in train services which have been effected in connection with this agreement. That is the way in which I know something has been done, because there is complaint about it from the people affected.

Mr. MEIGHEN: There has been a reduction in train service in certain places, I know that, but I think the minister will have some trouble in showing that it is the result of any agreement. I think he will have some difficulty in explaining to this House what the nature of any specific agreement is. At all events if there is such an agreement the House should have known it, because it was led to believe last year that the government had some really virile intentions in this respect, that it was going to get something done; and if I recollect correctly, although I have not the speech before me, the Prime Minister at Richmond Hill foreshadowed that they were going to extend the powers of the railway commission; that we already had railway commission control of rates, and he could not see why we could not have railway commission control of services too. What has been done in this regard? Nothing, of course; absolutely nothing, for the reason that at that time we had just as much railway commission control of services in Canada as we had railway commission control of rates. At the time the Prime Minister spoke the control of the railway commission over the one field was just as ample as its control over the other. But the alluring phrase was good for a public speech; it seemed to be a necessary part of the manifesto of the campaign, and the state of the law did not matter at all.

Now I ask the government to let us know before the debate closes something of what has been accomplished by this process of co-operation. Let us know just what Sir Henry Thornton agreed to and what Mr. Beatty agreed to, just where the consensus came in, what the two presidents agreed upon, if they really agreed upon anything; and if they have not, is the railway commission to be called in or is it not? In a word, let us know something of the governments intentions as to the future. Let us know something of what the government propose to do in the way of public policy. Let us have something which will indicate that we are going to hold the reins tightly in respect of expenditure—both capital expenditure and, so far as our influence can go, operating expenditure; but that we are to be content, so far as any railway possibly can, with the capital structure that we have got to-day; that we shall not multiply the expenditure while our country, in point of population, remains practically at a standstill. Let us have assurance that there is going to be some real control of the headlong pursuit of capital investment in the Canadian National Railways.

[Mr. Meighen.]

Motion agreed to and the House went into committee of Supply, Mr. Duff in the chair.

Civil government—Railways and Canals—Salaries, $222,155; contingencies, $38,000.

Sir HENRY DRAYTON: I observe that some matters which have been talked about and which were to be arranged do not seem to be progressing very quickly. One of these was the statement that there would be a big change in the personnel of the department of Railways and Canals, now that the work of running the railways disappears from the government entirely. What does the minister say in regard to that?

Mr. DUNNING: I have no information of any commitments in recent years with respect to further staff reduction, I am informed that the work of the department is now substantially the same as it has been for a number of years past, and the staff remains approximately the same.

Sir HENRY DRAYTON: That is exactly my point. We had the idea that when the government did not have to run the railway they would not require as big a staff, and others had the same idea. It was thought that when we went out of the railway business we would not still require a staff of expensive experts, accountants and the like.

Mr. DUNNING: My hon. friend probably forgets that the great bulk of the civil government with which we are now dealing is for the purpose of the administration of the canals. There never was any considerable staff in the railway department directly related to railway operation. The staff connected with the operation of government railways was charged with the railways, even when the government operated them as government railways. The great bulk of the staff now in operation is connected with the canal service and only such supervisory and auditing work as is required by reason of the expenditure of the railway appropriation through the department.

Sir HENRY DRAYTON: I do not know whether it is fair to expect my hon. friend to have gone into the matter very much as yet. I know it has been thought—and this

thought is not confined to one party—that the proper thing to do just as soon as we got rid of the railways—and we are now rid of them—was to transfer the canals to the department of Public Works and wipe out the railway department. Does the minister know any real reason why that department should not be wiped out now?

Mr. DUNNING: I can only say I am finding plenty to do, and I am reasonably sure that the officials of the department are in the same position. I do not think the Department of Railways and Canals is one of those that the Prime Minister or the government generally ever contemplated merging with another department.

Sir HENRY DRAYTON: I notice also that we have two new employees. Why is that?

Mr. DUNNING: One engineer was transferred from an outside post to an inside post. There is one new appointment, and one extra typist.

Sir HENRY DRAYTON: Will the minister be good enough to go through the list and give us those who have to do with engineering work and tell us what their work has been in the past, so that we can get some idea of it? The list is practically the same as when we were carrying on a great deal of activity in connection with railway work, when we had right of way agents and the like.

Mr. DUNNING: We have one now.

Sir HENRY DRAYTON: What do we want them for?

Mr. DUNNING: We have purchased a large amount of land for a right of way on the new Welland canal. We must have a right of way agent.

Sir HENRY DRAYTON: It is a bad name for it. It looks very much like railways and not like canals. There has been no attempt whatever to do the right thing by the people of Canada in connection with the compilation of that list. No attempt whatever is being made by the government, in connection with this department to take advantage of the cessation of railway activities to effect some belated economies for the public. The ratepayer is overlooked altogether.

Mr. DUNNING: The violence of my hon. friend's statement is surely out of proportion to its importance. Is it not the most natural thing in the world that the man who is looking after the rights of way of canals should also look after rights of way in the jurisdiction of the department? We have government railways, and in many respects the administration relating to such matters as rights of way still has to do with the department. There is just one railway right of way agent, and I shall be pleased to call over every name in the whole list of ninety-one employees and tell my hon. friend which ones are connected with railway work and which with canal work. The deputy minister is engaged with railways—

Sir HENRY DRAYTON: Very largely both.

Mr. DUNNING: Yes. Then we have the following officers:

Chief engineer—Canals.
Assistant chief engineer—Canals.
Counsel—Railways and Canals.
Comptroller—Railways and Canals.
Secretary—Railways and Canals.
Assistant deputy minister—Railways and Canals.
Right of way agent—Railways and Canals.
Senior electric engineer—Canals.

I should also say that the senior electric engineer is adviser to the railway commission.

Senior hydraulic engineer—Canals.
Bridge engineer—Canals.
Assistant comptroller—Railways and Canals.
Senior office engineer—Canals.
Chief clerk.

That is the chief clerk of the department.

Departmental accountants.

That is self-explanatory. Advances made to the Canadian National and so forth have to be taken care of through the departmental accountants.

Secretary clerk—Canals.
Hydraulic engineer—Canals.
Departmenttal purchasing agent—Canals.
Travelling auditors—Railways and Canals.

It should be remembered that the federal aid to highways is under the jurisdiction of the Department of Railways.

Mr. FOSTER: What else do the auditors do?

Mr. DUNNING: They audit the grants to the provinces in respect of highways and receipts and disbursements in connection with canals. Any advances made under certificates to the Canadian National Railways are also audited by these two auditors.

Senior assistant engineer—Canals.
Principal draftsman—Canals.
Departmental accountant—Railways and Canals.
Departmental purchasing agent, grade 1—Canals.
Departmental accountants—Canals.

Translator—Railways and Canals.
Principal clerks—Canals.
Principal file clerk—Railways and Canals.
Division hydrometric engineer—Canals.
Junior hydrometric engineer—Canals.
Secretary to executive—Railways and Canals.
Draftsman—Canals.
Senior law clerk stenographer—Canals.

Then follow clerks from there to the end.

Mr. FOSTER: There follows a list for 1925-26 but they are not in for 1926-27.

Mr. DUNNING: That is on account of the reclassification by the Civil Service Commission and the grading is different. There is no distinction in numbers.

Mr. FOSTER: Do they come in lower down on the list?

Mr. DUNNING: There are thirteen classified as clerks in the 1926-27 classification, whereas they are strung out in the 1925-26 classification.

Mr. FOSTER: Are they the same employees?

Mr. DUNNING: Yes.

Sir HENRY DRAYTON: Can the minister now tell me what it costs just to look after the bookkeeping of this department alone? Now that the railways are out of his hands there are just the canals to be looked after.

Mr. DUNNING: I have not the information with me to-night but I can get it. My deputy has not the departmental file with him. I have just my own file.

Sir HENRY DRAYTON: Then I would suggest that the committee rise and report progress.

Mr. DUNNING: May we not pass this one item? I am not asking the committee to pass any other.

Sir HENRY DRAYTON: No. We feel that there is extravagance in connection with this department and it should be stopped.

Mr. DUNNING: I will endeavour to get the information for my hon. friend. I think I have it on the general plan of the department. In the comptrollers's division, for instance, the executive and office staff consists of one comptroller, one assistant comptroller, one head clerk, two senior clerk stenographers, one clerk stenographer, one senior translator. In the audit subdivision of the comptroller's department there are three travelling auditors, one departmental accountant, grade two; one departmental accountant, grade one; one senior account clerk, eight account clerks, two clerk stenographers and one junior clerk typist. In the accounts subdivision there are two departmental accountants, grade four; one departmental accountant, grade one; two senior account clerks, two account clerks, one senior supplies clerk, one supplies clerk, one clerk stenographer, one junior clerk stenographer and one typist. That completes the accounting staff of the comptroller's department.

Sir HENRY DRAYTON: What is the total cost?

Mr. DUNNING: One would have to pick that out separately from the other information which I gave my hon. friend.

Sir HENRY DRAYTON: I think my hon. friend would like to know what his department is costing. Surely he wants to know what he is paying for bookkeeping in his department before he asks us to vote this item, or is he going to approve everything like a rubber stamp? Surely he wants to know whether it is costing just as much to look after the bookkeeping of his department to-day as it did when there was a great deal of business to be done. I had an idea my hon. friend was the sort of man who would want to know what he was doing.

Mr. DUNNING: Yes. I think my hon. friend does not regard me as of the rubber stamp type.

Sir HENRY DRAYTON: I do not.

Mr. DUNNING: I endeavour to deal with first things first. I am not yet convinced that there is less work in this department now than there was previously. In fact I have found that there is a great deal of work in connection with the present relationship with the railways; and more especially, with the work of the Welland canal going on, a certain amount of co-operation is entailed between our department and others. The responsibility is also very largely thrown upon this department with regard to the St. Lawrence waterways question and other allied matters. I am however prepared to look into the question further. As my hon. friend is evidently not disposed to allow this one fairly simple item to pass to-night I will therefore move that the committee rise and report progress. I shall endeavour when I come before the committee again to have this information for my hon. friend who, I have no doubt, will find that there is some other information which he will require and which I may not have on that occasion.

Mr. GEARY: Will the minister give me some information too?

Mr. DUNNING: Yes.

Mr. GEARY: Is the staff personnel the same in 1926-1927 as it was the year before, or has anyone dropped out causing a vacancy? If there is any such vacancy has any attempt been made to fill it?

Mr. DUNNING: There may have been an odd vacancy in the case of a junior but there has been no important change. The hon. member understands, of course, that all vacancies are filled by the Civil Service Commission.

Mr. GEARY: Yes, but some need not be filled at all.

Mr. DUNNING: I should have observed to my hon. friend (Sir Henry Drayton) that in the Highways branch we are contracting every year as the necessities diminish.

Sir HENRY DRAYTON: That follows as a matter of course.

Progress reported.

On motion of Mr. Mackenzie King the House adjourned at 11.35 p.m.

Wednesday, May 26, 1926

The House met at three o'clock.

NATIONAL RAILWAYS AND SHIPPING COMMITTEE

Mr. W. D. EULER (North Waterloo) presented the first report of the select standing committee on Railways and Shipping owned, operated and controlled by the government, as follows:

Your committee recommends that its minutes of proceedings and evidence be printed from day to day for the use of the members of the committee and of the House, and that rule 74 be suspended in reference thereto.

Mr. EULER presented the second report of the select standing committee on Railways and Shipping owned, operated and controlled by the government, as follows:

Your committee recommends that it be granted leave to sit while the House is in session.

He said: I move that the first and second reports of the select standing committee on Railways and Shipping owned, operated and controlled by the government be adopted. It may be necessary to give notice of this motion, but we desire to meet to-morrow, and the reports deal only with the printing of the evidence and the permission to sit while the House is in session. Perhaps the House will adopt the reports.

Sir HENRY DRAYTON (West York): I think the motion might be adopted, but I should like to point out to the chairman of the committee that there is not much use sending out notices of meetings which reach the members after meetings are held. I do not know when the notices were sent out, but I know that I got mine this morning. Notices for meetings of committees should be sent out in time, so that members will be able to make arrangements to be present. However I do not object to what is now being done.

Motion agreed to.

REPORT

Annual report of the Civil Service Commission of Canada for the year 1925.—Hon. Mr. Lapointe.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

EXPORT OF GRAIN THROUGH VANCOUVER

Hon. Mr. STEVENS:

1. How much grain of all kinds have been exported during the present crop season through the port of Vancouver; (a) through each of the public owned elevators, (b) through each of the privately owned elevators?

2. Has the harbour board made any representations or proposals to the Dominion government for authority to lease or sell any of its elevators? If so, what elevator is it proposed to lease or sell, and to whom, and what are the terms?

Hon. Mr. CARDIN:

1. (a) Through the Vancouver harbour commissioners elevators as follows:

	Exports Bushels
Vancouver Harbour Commissioners elevator No. 1	11,787,841
Vancouver Harbour Commissioners elevator No. 2	7,495,120
(b) Through privately operated elevators, as follows::	
*Vancouver Terminal Grain Company	19,612,375
*Burrard—United Grain Growers, lessors	8,438,640
*Columbia—Columbia Grain Company Limited, owners	918,224
Total	48,252,200

*Information supplied by elevator concerned.

2. No.

DODGE MOTOR COMPANY—TORONTO PLANT

Mr. ARMSTRONG (Lambton):

1. Did the Dodge Motor Company purchase the land on which their plant is erected in Toronto from the Dominion government?

2. If so, what was the amount paid to the government for this property, and what was the date of said purchase?

3. When negotiations were under way for the purchase of this property, did the government or any member of the cabinet give any assurances to the representatives of the Dodge Motor Company to the effect that the tariff on automobiles would remain where it was at that time?

Hon. Mr. LAPOINTE:

1. No information.

2. and 3, Answered by No. 1.

MR. CLOVIS T. RICHARD

Mr. DOUCET:

1. Was Clovis T. Richard, barrister of Bathurst, New Brunswick, in the employ of the government at any time since January 1, 1922?

2. If so, in what capacity?

3. What remuneration was paid to him for the years (a) 1922-1923, (b) 1923-1924, (c) 1924-1925, (d) 1925-1926?

Hon. Mr. LAPOINTE:

Department of Customs and Excise.

1. Yes.

2. Solicitor for the department in a case re violations of the Special War Revenue Act.

3. (a) Nil.
(b) $50.
(c) Nil.
(d) Nil.

Department of Justice.

1 and 2. Mr. Richard has acted as agent of the Minister of Justice on several occasions.

3. The remuneration was paid by the departments concerned.

Department of Marine and Fisheries.

1. Yes.

2 and 3. (a) 1922-1923—$70 for professional services in connection with prosecutions for violation of the Fisheries Act. (b) 1923-1924—$15 for professional services in connection with prosecutions for violation of the Fisheries Act. (c) 1924-1925—Nil. (d) 1925-1926—$145.65, commissioner to investigate charges of political partizanship.

Post Office Department.

1. Yes.

2. A commissioner to investigate charges of political partizanship.

3. (a) 1922-1923 —
1923-1924 $608.50.
1924-1925 —
1925-1926 $ 89.55.

PURCHASE OF SCREENINGS

Hon. Mr. ROGERS:

1. What quantity of screenings were purchased by the Department of Agriculture during each of the respective years from 1917 to 1921, inclusive?

2. From what firms were these screenings purchased and how much from each, during each of the said years?

3. What was the purchase price, and what was the sale price of the said screenings during each of the above mentioned years?

4. What was the total profit or loss to the country on the purchase and sale of such screenings?

Hon. Mr. MOTHERWELL:

1.

	Tons
1917-18	5,661.8
1918-19	12,931.482
1919-20	3,363.375
1920-21	Nil.

2.

1917-18

Name	Tons
Bole Grain Company	15.48
Canadian Government Elevator, Fort William	50.52
Canadian Government Elevator, Saskatoon	33.
Canadian Pacific Railway Co.	393.105
Consolidated Elevator Co.	425.34
Davidson & Smith	37.395
Empire Elevator Co.	422.185
Fort William Grain Co.	206.405
Grand Trunk Pacific Elevator Co.	703.69
Horn, David & Co.	33.
Mutual Elevator Co.	173.79
Northern Elevator Co.	230.535
Northwestern Elevator Co.	352.
Ogilvie Flour Mills	280.68
Ogilvie Flour Mills	441.25
Port Arthur Elevator Co.	1,240.925
Sask. Co-operative Elevator Co.	260.
Thunder Bay Terminal Elevator Co.	66.
Western Terminal Elevator Co.	296.5

1918-19

Bole Grain Co.	63.79
Canadian Government Elevators	794.335
Canadian Feed Manufacturing Co.	317.07
Consolidated Elevator Co.	1,150.865
Davidson & Smith	135.1
Empire Elevator Co.	602.08
Grand Trunk Railway Elevator Co.	143.225
Grand Trunk Pacific Elevator Co.	2,272.06
Mutual Elevator Co.	548.08
National Elevator Co.	38.385
Northwestern Elevator Co.	745.325
Ogilvie Flour Mills	803.49
Port Arthur Elevator Co.	1,682.705
Robin Hood Mills Limited	65.903
Saskatchewan Co-operative Elevator Co.	1,570.604

1918-19

Name	Tons
Sellers, M. & Son	173.704
Thunder Bay Terminal Elevator Co.	453.43
Western Terminal Elevator Co.	1,371.331

1919-20

Consolidated Elevator Co.	450.5
Western Terminal Elevator Co.	277.
Mutual Elevator Co.	100.
National Elevator Co.	35.025
N. M. Patterson Company Limited	60.
G. T. P. Elevator Co.	203.
Ogilvie Flour Mills Limited	297.
Saskatchewan Co-operative Elevator Co.	462.
Canadian Government Elevator Co.	34.0
Port Arthur Elevator Co.	256.85
Northwestern Elevator Co.	284.5
Eastern Terminal Elevator Co.	122.
Empire Elevator Co.	182.50
United Grain Growers Limited	388.
Thunder Bay Elevator Co.	145.5
C. P. R. Co. Elevator	25.
Fort William Elevator Co.	40.

3.

	Purchase Price	Sale Price
1917-18	$35 and $42.50 per ton	$35 and $42.50 per ton
1918-19	35 per ton	25 to 45.20 per ton
1919-20	30 per ton	25 to 45.20 per ton

4. Loss, $146,752.41.

CANADIAN NATIONAL RAILWAYS—DIVISIONAL HEADQUARTERS

Mr. MacNUTT:

1. Is it a fact that locomotives are now run right through between Halifax and Mulgrave, on the Canadian National Railways, instead of changing at Truro, as formely, and that divisional headquarters have been moved from Truro and Bridgewater to Halifax?

2. If so, what has been the effect of the change, and the exact financial saving, if any, thereby?

Hon. Mr. DUNNING:

1. Yes.

2. Increased efficiency in operation, and saving of $52,000 per annum.

CANADIAN NATIONAL RAILWAYS—PASSENGER CARS

Mr. DOUCET:

How many steel passenger cars have been added to the equipment of the Canadian National Railways during the years ending March 31st, 1923, 1924, 1925 and 1926?

Hon. Mr. DUNNING:

Year ending March 31, 1923—nil.
Year ending March 31, 1924—74.
Year ending March 31, 1925—66.
Year ending March 31, 1926—21.

KINGSVILLE HARBOUR MASTER

Mr. GOTT:

1. Has Mr. J. A. Donaldson of the town of Kingsville, Ontario, who acted as returning officer for the south riding of Essex in the federal elections of 1925, been appointed to the position of harbour master at the port of Kingsville, Ontario?

2. If so, under whose recommendation was he appointed?

3. Was an application for same position received from Mr. Ernest Harris of Kingsville and why was his application not favourably received?

4. Was said Donaldson duly qualified to fill the position of returning officer?

5. What qualifications are necessary for the position of harbour master?

6. What examinations were passed by Mr. Donaldson, or were any required?

7. What salary is paid for the position?

Hon. Mr. CARDIN:

1. No.

2. Answered by No. 1.

3. No.

4. The Department of Marine and Fisheries has no information.

5. Applicant must be of good character; be physically able to perform the duties of harbour master and have a fair knowledge of reading, writing and arithmetic.

6. The department has no information.

7. None.

PRINCE RUPERT ELEVATOR—STAFF

Mr. COOTE:

1. What officials, if any have been appointed by the government or the Board of Grain Commissioners in connection with the government elevator at Prince Rupert?

2. When were these appointments made and what is the salary of each official?

Hon. Mr. ROBB:

Name—Title—Salary—Date of appointment and resignation

Belanger, J., engineer, $1,920, December 16, 1925.

Black, Thos. B., electrician, $2,100, February 1, 1926.

Cousins, P., night watchman, $1,200, March 15, 1926.

Glossop, John, superintendent, $3,800, December 1, 1925.

Jack, J., millwright, $1,800, December 16, 1925.

McIntyre, H. D., accountant, $1,800, October 1, 1925.

McLeod, R., weighman, $1,680, January 1, 1926.

*McRae, W., watchman, $1,200, January 1, 1926.

Neville, Jas., acting foreman, 70 cents per hour, December 16, 1925.

*Resigned March 15, 1926.

HALIFAX ELEVATOR—STAFF

Mr. COOTE:

1. What officials, if any, have been appointed by the government or the Board of Grain Commissioners in connection with the government elevator at Halifax?
2. When were these appointments made and what is the salary of each official?

Hon. Mr. ROBB:

Name—Title—Salary—Dates of Appointment and Resignation

Anderson, Clarence, electrician and millwright, $2,000, October 26, 1925.

Appleby, Edward, millwright, 60 cents an hour, November 4, 1925.

Boudreau, Harry, night watchman, $1,200, December 2, 1925.

During, V. D., superintendent, $2,100, November 18, 1925.

*Garrison, A. E., night watchman, $1,200, November 7, 1925.

Goodhew, Wm., winchman, 40 cents per hour, November 4, 1925.

Ross, Philip E., Weighman, 40 cents per hour, November, 3, 1925.

†Whitely, Wm., night watchman, 35 cents per hour, December, 2, 1925.

*Resigned November 30, 1925.

†Resigned December 2, 1925.

INCOME TAX

Hon. Mr. MANION:

1. How many individuals in Canada paid personal income tax in the fiscal year 1924?
2. How many individuals paid income tax on incomes below $10,000 in the same fiscal year?

Hon. Mr. BOIVIN:

1. 225,514.
2. 218,474.

DR. J. F. McQUAY

Mr. McGIBBON:

1. Is one Dr. J. F. McQuay a member of the Board of Pension Commissioners?
2. If so, when was he appointed?
3. What is his salary?
4. When did he join the Canadian Expeditionary Force?
5. What date did he leave Canada?
6. What date did he leave England for France?
7. What unit or units was he with in France?
8. Was he in any engagements in France?
9. What service had he in the front line?
10. When did he return from France to England; (b) from England to Canada?
11. Were there any other applicants for the position at the time of his appointment?
12. If so, what service did they have?

Hon. Mr. ELLIOTT:

1. Yes.
2. December 2, 1921.
3. $6,000 per annum.
4. February 24, 1916.
5. June 24, 1916.
6. Did not serve in France.

7, 8, 9 and 10(a). Answered by No. 6.

10(b). Invalided to Canada for medical treatment on March 28, 1918.

11 and 12. No information.

QUESTION PASSED AS ORDER FOR RETURN

REMISSION OF SALES TAX

Mr. EDWARDS (Frontenac):

1. What was the amount of the sales tax remitted in each fiscal year since 1921?
2. When and to whom were such remissions made?

UNOPPOSED MOTIONS FOR PAPERS

CHINESE IMMIGRATION

Hon. Mr. STEVENS:

For a copy of the report on Chinese immigration made by His Honour Mr. Justice Murphy of Vancouver, and known as the "Murphy Report," also for a copy of all correspondence in connection with the alleged improper entry of orientals during the years 1910 and 1911, and also for a copy of all correspondence in connection with the alleged improper entry of Chinese immigrants as merchants or students into Canada during the years 1917 to 1921, inclusive, more particularly all correspondence passing between the mover of the resolution and the Minister or Deputy Minister of Immigration.

CANADIAN NATIONAL RAILWAYS—MONT-JOLI

Mr. DOUCET:

For a copy of all correspondence, telegrams, reports and other documents exchanged between the civil authorities of Mont-Joli, Quebec, and the Department of Railways and Canals regarding the change of status of Mont-Joli as terminal point or divisional point.

KINGSVILLE CUSTOMS AND EXCISE OFFICERS

Mr. GOTT:

For a copy of all papers, reports, letters, telegrams and other documents, exchanged between Customs and Excise Department and the Civil Service Commission or other sources, including the G.W.V.A., relative to the appointment and dismissal of Mr. C. R. McCallum of the town of Kingsville, Ontario, as customs and excise officer at the port of Kingsville, Ontario. Also copy of all papers, reports, letters, telegrams and other documents pertaining to the appointment of Mr. Allen D. Pearsall to the position of customs and excise officer at the port of Kingsville, Ontario. Also a copy of all letters, reports, telegrams and all other documents relative to the dismissal of Mr. Ernest McKay from the position of customs and excise officer at the port of Kingsville, Ontario.

SOUTHEAST SHOAL LIGHTSHIP

Mr. GOTT:

For a copy of all papers, reports, letters, telegrams and other documents in connection with the sale of

the southeast shoal lightship to Captain J. S. McQueen of the town of Amherstburg, Ontario. Also a copy of all correspondence passing between him and the department, or any other persons interested either in, or outside the department, who acted in any way as advisers.

PEACE RIVER—RAILWAY FACILITIES

Mr. KENNEDY (Peace River):

For a copy of the joint report of engineers of the Canadian National Railways and the Canadian Pacific Railway with regard to the construction of a railway from the Peace River country to the Pacific coast.

TRIBUTE TO CANADIAN ARTIST

On the Orders of the Day:

Mr. SPEAKER: I wish to draw the attention of the House to three examples of real Canadian art, the calendar, the seal and the inkstand of the House of Commons, made by a young Canadian artist whose name is well known and who is intimately connected with some of the beautiful iron work which has been done in this House of Commons. I refer to Mr. Paul Beau, ironmaster.

PENSION ACT AMENDMENT

On the Orders of the Day:

Hon. ROBERT ROGERS (South Winnipeg): Has the government had an opportunity of considering an amendment asked for by the Canadian Legion in respect of the Pension Act and, if so, when will the amending legislation be brought down?

Hon. J. C. ELLIOTT (Minister of Labour): Certain recommendations have been received from the Canadian Legion and are under consideration. No decision has yet been reached.

EXPORTATION OF PULPWOOD

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Does the government intend to do anything with respect to the exportation of pulpwood or is the matter still under consideration?

Right Hon. W. L. MACKENZIE KING (Prime Minister): It is still under consideration.

INQUIRY FOR RETURN

On the Orders of the Day:

Mr. A. U. G. BURY (East Edmonton): I would like to call the attention of the Secretary of State to the fact that on the 22nd March an order of the House was passed for the production of documents in connection with Mr. Potvin, former postmaster at Bonnyville, Alberta. The return has not yet been brought down and I have not been able to get the papers. When may I expect them?

Hon. ERNEST LAPOINTE (Minister of Justice): I am sorry my hon. friend has not already received that document. I will make an inquiry and if possible table the return to-morrow.

BUSINESS OF THE HOUSE

FURTHER LEGISLATION TO BE BROUGHT DOWN

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Will there be any legislation this session other than what is now on the order paper and, if so, what?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think there are some amendments to the Criminal Code. With that exception and with the possible exception of some very minor bits of legislation there is nothing else that I am aware of in contemplation.

Mr. MEIGHEN: What will be the nature of the amendments to the code? Can the government indicate the subject matter of the other legislation?

Hon. ERNEST LAPOINTE (Minister of Justice): The bill to amend the Criminal Code will be introduced perhaps to-morrow, or in a couple of days, and I will then give the necessary explanation.

Mr. MEIGHEN: What about the minor legislation?

Mr. MACKENZIE KING: I will give an answer in a day or two as to any legislation which is further contemplated.

Mr. MEIGHEN: Can the government say whether they purpose dropping any legislation that is now on the order paper?

Mr. MACKENZIE KING: I had better answer that question at the same time.

PEACE RIVER ELECTION

On the Orders of the Day:

Mr. A. E. ROSS (Kingston City): When the prosecution of the various deputy returning officers in connection with the Peace River election has been completed, will the Chief Electoral Officer make a report to this House?

Hon. ERNEST LAPOINTE (Minister of Justice): Under the Dominion Elections Act the Chief Electoral Officer is reporting to the House on everything that comes before him.

Mr. ROSS (Kingston City): May I ask that his report be brought down?

Mr. LAPOINTE: Any report of the Chief Electoral Officer will be tabled.

GENEVA CONFERENCE ON DISARMAMENT

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Was Canada invited to have a representative at the Geneva Conference on Disarmament? Was Canada consulted as to policy, and has the British representative, the Chancellor of the Duchy of Lancaster, been instructed to speak for Canada?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I would like to look over the files before I answer my hon. friend's question. I will give him an answer to-morrow.

SADDLE LAKE INDIAN RESERVE

On the Orders of the Day:

Mr. A. U. G. BURY (East Edmonton): May I ask the Minister of the Interior whether he now has the full information which I asked for on the 19th April in connection with the sale of lands in the Saddle Lake Indian reserve? The reply given by the minister on that date stated that the report had not yet come in. That reply left some of my questions unanswered.

Hon. CHARLES STEWART (Minister of the Interior): I did not have the complete information on Friday last, but I have not inquired since then. I will make inquiry and answer my hon. friend to-morrow.

Mr. BURY: Will the minister expedite the sending in of the report by the agent in Alberta? The sale took place on the 3rd March.

Mr. STEWART (Edmonton): I am well aware of that, but I would not want our agent to be criticized because of the date. At the date of my hon. friend's question the matter had not been sent to the agent for final adjustment and I am waiting for his report now.

SOLDIER SETTLEMENT ACT AMENDMENT

Hon. CHARLES STEWART (Minister of the Interior) moved the third reading of Bill No. 17, to amend the Soldier Settlement Act, 1919.

Motion agreed to and bill read the third time and passed.

WAYS AND MEANS

CUSTOMS TARIFF, 1907, AMENDMENT

The House in committee of Ways and Means, Mr. Duff in the chair.

[Mr. Lapointe.]

Customs tariff—British preferential tariff

The CHAIRMAN: Shall the resolution carry?

Resolution agreed to.

Customs tariff—Schedule A.

Sir HENRY DRAYTON: I understand that we have passed all the items embodied in this resolution and it now merely remains to consider the resolution as a whole. In the course of the discussion of the various items the hon. member (Mr. Cahan) and I both asked that the minister provide, in relation to the items affected by the West India treaty, that those items should come into effect only upon the ratification of that treaty. We urged that they be left in abeyance until such time as action one way or the other might be taken upon the treaty. The minister declared that he was following precedent in the course he proposed to take. I admit that he will find precedent for that course, but I assure him that he will not find any precedent for a situation analogous to the present. Under the former treaty with the West Indies, so far as I know, no damage was done to any Canadian industry, and everyone was in favour of the treaty. To-day the claim is seriously put forward that Canadian industry will suffer as a result of the tariff it is proposed to enact in relation to the West India treaty. At the moment I am referring particularly to the increase in duties on cocoa beans, and in order that my objection may be stated as concisely as possible, I am going to read a letter which I have received from one of the manufacturers. The minister, I think, is perfectly familiar with the circumstances:

> When the West Indies treaty is ratified we will have to pay two cents per pound duty on foreign grown cocoa beans, one and a half cents per pound on British grown cocoa beans, exclusive of West Indies kinds, and West Indies kinds will come in free.
>
> We will not be able to use cocoa beans grown in the West Indies, except in very limited quantities. The price of Trinidad cocoa beans is always several cents per pound higher than Accra cocoa beans which are grown in British West Africa. We will, therefore, continue to bring in Accra cocoa beans, and will have to pay the duty of one and a half cents per pound on them. Cocoa beans from Jamaica we cannot use except in very limited quantities, because of their poor quality.

I pause here to ask the minister whether there is anything in the foregoing statement of fact with which he disagrees. I do not think there is; the minister does not reply. So that we have no issue on the question of fact that the manufacturers will now have to pay a duty of one and a half cents per pound on the cocoa beans which they import from British West Africa; nor is the fact denied

that they will be unable to use the beans which will come in from the West Indies. The writer continues:

On from 80 to 85 per cent of the cocoa beans we will use, we will be forced to pay a duty of one and a half cents per pound or two cents per pound. Now, from 100 pounds of cocoa beans we only get from seventy-five to eighty pounds of cleaned cocoa beans.

He goes on to indicate what the effect will be on the trade. We have had the discussion as to whether this tariff should be enacted or not, and all I intend to do now is to ask the minister to assure the committee that these duties will not be put into effect until the West India treaty becomes operative.

Hon. J. A. ROBB (Minister of Finance): Perhaps I might call my hon. friend's attention to the trade agreement between Canada and the West Indies, article 3 of which provides:

The Dominion of Canada undertakes to withdraw the benefit of the British preferential tariff from any British country which produces cocoa beans if that country does not extend a preference, satisfactory to the Governor in Council of Canada, to goods the produce or manufacture of Canada over like goods imported into such country from any foreign country.

We made that stipulation in our agreement with the West Indies: the preference will be withdrawn from British West Africa when this treaty becomes effective.

Sir HENRY DRAYTON: It will not be done until then

Mr. ROBB: No.

Mr. MEIGHEN: Looking down the list of items in this resolution I notice quite a number of increases in the tariff, general and intermediate, in some cases, I think, even in the British preference; at any rate there are increases in the general and intermediate tariffs on such items as meats, bananas and so forth. Is that all in pursuance of the policy of free foodstuffs?

Mr. ROBB: My hon. friend will observe that there is a corresponding reduction in the British preference column.

Mr. MEIGHEN: Then the free foodstuffs chart was only for the purpose of meeting the wishes of Australia?

Mr. ROBB: Oh, no.

Mr. MEIGHEN: Or has the chart really been pitched away?

Resolution agreed to.

Customs tariff—Schedule B

The CHAIRMAN: Shall the resolution carry?

Resolution agreed to.

5. Resolved, that any enactment founded on the foregoing resolutions number two and three shall be deemed to have come into force on the sixteenth day of April, one thousand, nine hundred and twenty-six, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

Resolution agreed to.

Mr. FORKE: Mr. Chairman, what are you considering? We do not know down here.

Mr. MEIGHEN: I may inform the hon. member we have just been advised that the chart has been thrown away,—

Mr. MACKENZIE KING: Oh, no.

Mr. MEIGHEN: —notwithstanding the Saskatchewan Liberals and the Progressives and that the resolutions so often passed in the Saskatchewan legislature are now ignored, forgotten, and never moved in this House, where they belong.

Mr. ARMSTRONG (Lambton): Mr. Chairman, do I understand that resolution No. 5 is carried?

The CHAIRMAN: Yes.

Mr. ARMSTRONG (Lambton): I was expecting to hear some word from the Minister of Finance in regard to item No. 469. I wanted to ask him whether he had considered granting the sugar beet growers a bonus, in lieu of the large amount of protection which they enjoyed previous to this legislation going into force.

Mr. ROBB: I am not in a bonus humour to-day, but when we come to the sales tax resolution my hon. friend will find that I am making some concessions to the oil men to whom he referred a few days ago.

Mr. ARMSTRONG (Lambton): Might I ask if he would not consider abolishing the duty on piping material?

Mr. ROBB: It is too late for consideration in this budget.

Resolutions reported, read the second time and concurred in. Mr. Robb thereupon moved for leave to introduce Bill No. 114, to amend The Customs Tariff, 1907.

Motion agreed to and bill read the first time.

WAYS AND MEANS

SPECIAL WAR REVENUE ACT, 1915, AMENDMENT

The House in committee of Ways and Means, Mr. Duff in the chair.

Resolved, that it is expedient to introduce a measure to amend The Special War Revenue Act, 1915, and to provide:—

1. That subsection five of section thirteen of the said act be repealed and the following substituted therefor:—

"(5) On every post card for transmission by post for any distance within Canada and on every letter and post card posted at and intended for delivery through the same post office, there shall be levied and collected a tax of one cent in addition to postage payable in the form of a postage stamp to be affixed thereto at or before the time of posting the letter or post card; but such tax shall not be levied or collected on any letter or post card entitled to the privilege of free transmission under the provisions of The Post Office Act. The stamp so affixed shall be cancelled by the Postmaster or other officer of the Post Office Department whose duty it is to cancel the postage stamps affixed to such letters or post cards in prepayment of postage."

2. That section fourteen of the said Act be repealed.

3. That paragraph (a) of subsection one of section nineteen BB of the said act as enacted by chapter fifty of the statutes of 1921, be repealed and the following substituted therefor:—

"(a) A tax on playing cards for every fifty-four cards or fraction of fifty-four in each package,—ten cents per pack."

4. That section nineteen BBB of the said act be amended by adding after subsection two thereof the following as subsection two A:—

"(2A) In case any person other than the manufacturer or producer or importer or transferee or licensed wholesaler or jobber hereinbefore mentioned acquires from or against any one of these persons the right to sell any goods, whether as a result of the operation of law or of any transaction not taxable under this section, the sale of such goods by him shall be taxable as if made by the manufacturer or producer or importer or transferee or licensed wholesaler or jobber as the case may be and the person so selling shall be liable to pay the tax."

5. That subsection four of section nineteen BBB of the said act, being the list of excepted articles not liable to the consumption or sales tax, be amended by adding thereto the following:—

"pot barley; pearl barley; split peas; goods enumerated in Customs Tariff items 469b, 700, 701, 702, 703, and 704."

6. That subsection five of section nineteen BBB of the said act, being the list of articles liable to only fifty per cent of the consumption or sales tax, be amended by adding thereto the following:—

"fish, or products thereof, canned but not medicated."

7. That schedule two to the said act be amended by striking thereout the last five lines respecting carbonic acid gas which were added to the said schedule by section twelve of chapter seventy of the statutes of 1923.

8. That a refund of the amount of taxes paid under sections sixteen A, nineteen B, nineteen BB, and nineteen BBB of the said act be granted to a manufacturer, producer, wholesaler, jobber, or other dealer on goods hereafter sold as ships' stores.

9. That any enactment founded on paragraph one of this resolution shall come into force on the first day of July, one thousand nine hundred and twenty-six.

10. That any enactment founded on paragraphs two and eight of this resolution shall be deemed to have come into force on the sixteenth day of April, one thousand nine hundred and twenty-six.

11. That any enactment founded on paragraphs three, five, six, and seven of this Resolution shall be deemed to have come into force on the sixteenth day of April, one thousand nine hundred and twenty-six and to have applied to all goods imported or taken out of warehouse for consumption on and after that date and to have applied to goods previously imported for which no entry for consumption was made before that date.

[Mr. Robb.]

Sir HENRY DRAYTON: Suppose we take these resolutions section by section?

Mr. ROBB: Yes.

On section 1.

Sir HENRY DRAYTON: Listening to what the chairman has read, apparently drop letters and postcards are still to be subject to two cents postage?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: Then what is the reason for introducing this at all? What is the change?

Mr. ROBB: Mr. Chairman, becoming effective on July 1, the rate of postage on all letters will be two cents instead of three. The postage on drop letters will remain the same as heretofore. Let me read the notation:

This section will remove the one cent additional postage on letters for transmission by post for any distance within Canada; the additional cent will remain on drop letters and post cards as heretofore; effective July 1, 1926. The estimated reduction in taxation for the nine months will be $4,125,000; for the twelve months $5,500,000.

Mr. WHITE (Mount Royal): Mr. Chairman, it does seem to me that the minister by his explanation has not unravelled this Chinese puzzle. I recall that Talleyrand once wittily said, "Language was given us to conceal our thoughts." I think if a serious effort had been made to give effect to that purpose it could not have been more successfully served than by this clause. If the intention of the government is to make the rate of postage two cents on letters dropped, we will say, in the city of Ottawa for delivery outside of Ottawa, why is it not possible to say so in plain, understandable language? I understand that the intention of the minister, and the effect of this clause, is to retain the rate of postage on local letters; for example, on a letter dropped in the post office here for delivery at a residence within the city the rate of postage will continue to be two cents, instead of reverting to the pre-war rate of one cent on such letters. But I do press upon the minister the desirability of so recasting this clause that a mind less dense than mine may be able to understand it.

Mr. CHURCH: Mr. Chairman, this impost is nothing but a nuisance tax in a new form and causes the utmost trouble to the public. It is going to cause untold annoyance just at a time when business men are congratulating themselves that some of these burdens and nuisances are being eliminated. I venture

to say that the people will not use the post card in this form, and that we will get far less revenue than was formerly received. The city of Toronto contributes $6,000,000 yearly to the postal revenues of the country, yet we cannot get an up-to-date post office. With the many amendments to the Postal Act we already have great difficulty in knowing what the law is, and now, when the government say they are reducing taxes and eliminating nuisance taxes, they impose a regulation of this kind which it requires a lawyer to understand. I urge the minister to consider the advice of the heads of the postal service, because this is nothing but a new form of nuisance tax which will place barriers in the way of business in this country. In the larger cities there are many foreigners; who is to explain this amendment to them, and to the people in the rural places as well?

The time has come when the post office should be placed on a proper basis. It is very unfortunate that we have no Postmaster General in the House. From 1899 to the beginning of the war we had a surplus from the post office, and all the various postmasters general tried to cater to the public and give them the proper facilities desired. But now when everyone is hoping for a revival of trade this obnoxious, objectionable regulation is brought forward, which means nothing and which will take a good deal of revenue from the government. I would like the minister to tell us who recommended this change, whether the heads of the postal service have been consulted; what revenue will come out of it and how it will help trade in Canada.

Mr. ROBB: Apparently the hon. member for Mount Royal (Mr. White) misunderstood the reading of the clause. This legislation was drafted to meet the wishes of the Post Office department, who administer the act. They understand it quite well.

Mr. WHITE (Mount Royal): What about the public?

Mr. ROBB: And the public understand it. To show that the hon. member for Toronto Northwest (Mr. Church) has not read the clause, he finds fault because the revenue is to be reduced. Certainly it is to be reduced; that is the intention. It is going to lighten the taxes of the people who are doing business. It is quite true that the postage on a drop letter will be the same as that on a letter going to any other part of Canada, but the Post Office Department estimate that, with the requirements of the cities for delivery at each house, it costs just as much to deliver these letters as to send a letter from Ottawa to Vancouver. So the postage is made uniform, two cents on drop letters and post cards, as before.

Sir HENRY DRAYTON: My hon. friend interests me very much. He tells us that it costs just as much to look after a drop letter, because there is local delivery here, as to send a letter from Ottawa to Vancouver. I was under the impression that Vancouver also had a local delivery, and that this was general in all cities and towns. I was further under the impression that we have rural mail delivery to-day, which is very expensive, in a large part of the country. I am afraid my hon. friend's brief is not right; I think the Post Office Department has loaded him wrongly there. Certainly the illustration they give is very wide of the mark. Could my hon. friend really tell us why the post office think the reduction should be made in this way; whether it is because they think it will cost the treasury far less than if they were to reduce drop letters and post cards to one cent? Is that not the real reason?

Mr. ROBB: Yes, my hon. friend is quite right; had we been in a position to lose $2,000,000 more we could have gone back to the conditions prevailing prior to 1915. But under this plan we figure that we will lose $5,500,000 during the year, and that is all we can afford.

Sir HENRY DRAYTON: The whole thing really amounts to this; the drop letters and post cards are not looked after because the government cannot afford to go further than they have gone?

Mr. ROBB: Yes.

Mr. BURY: I have one strong objection. If it is the theory of the government that the one cent on drop letters and post cards is not enough, why add the extra cent as a tax?

Mr. ROBB: My hon. friend fails to understand the regulation. We are adding nothing, but simply amending the legislation of 1915 and removing the extra cent from the letters. We are not removing it from drop letters and post cards.

Mr. BURY: But the proposed regulation reads as follows:

> On every post card for transmission by post for any distance within Canada and on every letter and post card posted at and intended for delivery through the same post office, there shall be levied and collected a tax of 1 cent—

The effect in the end is the same; on a post card or drop letter you pay your postage of one cent and this extra tax of one cent, which tax is not paid on a letter going

from here to Vancouver or to anywhere else in Canada. The result is that you draw a tax distinction between drop letters and post cards and other letters than drop letters. Why can you not amend the Postal Act and raise the rate of postage, rather than do this by way of an extra tax?

Mr. ROBB: This is not in the form of an extra tax; we are repealing certain parts of the legislation of 1915, the Special War Revenue Act. My hon. friend has paid the postage which he now complains of since April 15, 1915, and we are relieving him of this postage on letters.

Mr. BURY: I am not complaining of anything in the way of paying. The net result is exactly the same. But I do say this: While you are making this change you are making it in a wrong way. You say that you are not imposing anything. I say that this does impose expressly a substantial tax of one cent. It is there already, I know, but you are removing the tax from the long distance letter and the net result is that you are leaving a one cent tax on post cards and drop letters, while you are taking the cent tax off the long distance letter. You are doing expressly what I said a moment ago: You are making a tax distinction between the post cards and drop letters and the long distance letters ,and the thing is wrong. If you are not satisfied with your postage, alter the rate of it.

Mr. WOODSWORTH: It is encouraging the long haul.

Mr. CHURCH: I should like to point out the objection I have to this resolution. The tax of an extra cent should be passed on to those best able to pay it. I would ask the minister to consider this question of the ability of the working classes, the farmers, and the ordinary people of this country who use post cards, to pay this added cent. Does the minister know that to-day the government of Canada is practically giving the newspapers of this country a bonus of $8,000,000 in the carriage of the newspapers? That is according to the returns I got in the House of Commons last session. The newspapers are carried as third-class matter, and it cost the government to carry these newspapers $8,000,000 more than they received in revenue for the service. So that the post office is practically giving to the newspapers of Canada a bonus or subsidy of $8,000,000. The newspapers of this country are carried practically free, as third-class mail. If you can do that for some of these rich corporations owning newspapers in this country, corporations strong enough sometimes to control parliament and nominate political leaders, surely you can do something for the poor workingman who has to pay this extra cent on post cards. This tax is unfair to the large centres of population, which are now bearing the greater proportion of the cost of administration of the post office. The revenue of the post office comes largely from the large cities of Canada. Toronto's contribution, $6,000,000, is equal to the contributions of the cities of Hamilton, Montreal, Halifax, Winnipeg and Vancouver put together. I think the working class in the large centres should have the benefit of one cent postage on post cards. To-day they have to pay one cent, plus this additional cent, or two cents to have a post card delivered in their own city, and this tax will largely be taken from the large centres like Toronto, to maintain public utilities here and there in different parts of the country. It is class legislation of the worst kind. There is one class of legislation for the newspapers and large corporations, and a different class of legislation for the working classes. A post card posted in Parkdale, for instance, to be delivered across the road will have to pay a tax of two cents. I say that is class legislation of the worst kind. Furthermore, the returns of the Postmaster General show that the more restrictions you put on mail, the more nuisance taxes you impose upon it, the less revenue you get. That is a well known principle in the administration of the post office. When you remove the nuisance taxes, automatically you increase the number of users of that form of communication. Impose restrictions on that class of mail, and automatically fewer people use that particular form of communication.

What we need, Mr. Chairman, is a Postmaster general sitting in this House, not an Acting Postmaster General. I have every confidence in the ability of the present Acting Postmaster General, the Minister of Justice, who is very popular, but he has enough to do to look after his own department; he is almost a quorum of the cabinet in himself. What does the British Postmaster General do when he has a surplus? He hands it back to the people who use the mails, by lessening the charges and giving them increased facilities. In England the radio, the telephone and everything else are connected to-day with the British post office, which is doing everything it can to encourage a revival of trade and commerce. But what are you doing in this country? At this late hour of the day you are imposing restrictions which will retard the use of this particular form of communication. What part of the revenue derived from this tax will

4 p.m.

be used to provide proper postal facilities in the city of Toronto? The revenue Toronto contributes will be used to maintain post offices in other parts of the country. We want a proper postal service, and at the present time we have not got proper postal facilities in the city of Toronto. Now the minister comes along and imposes restrictions on the use of post cards within the four corners and gates of that city. I do not think the public will stand for it.

Mr. ROSS (Kingston): I am somewhat surprised that the Minister of Finance has not put up the usual reason for this change, namely, that this is another endeavour to keep the boys and girls on the farm. That was the usual justification for changes made in the past. In 1915, whatever tax was put on as a special war revenue tax, it was evenly distributed; it was a fair and just tax. This tax is a discriminatory tax and nothing else. There is not a fair distribution of the tax; it is a tax upon the cities. I suppose the minister forgot his usual reason to justify this change, that it was for the purpose of keeping the boys and girls on the farm.

Mr. SPENCE (Parkdale): What is the annual deficit each year on the rural mail delivery service?

Mr. ROBB: I have not got that.

Mr. SPENCE (Parkdale): Then it is all nonsense to say it costs as much to deliver a letter from one side of the street to another in Toronto as it does to deliver it in Vancouver. The minister should know what the deficit is before making such a statement.

Mr. HANSON: I agree entirely with the observations that have been made with respect to discrimination. I would like to ask the minister a question with reference to the postage on letters going to the United States. We have not the old act before us and are therefore not in a position to say what the law is, but will the postage on letters going to the United States be two cents?

Mr. ROBB: After the 1st of July.

Mr. HANSON: What about letters to Britain?

Mr. ROBB: I think Britain comes under a different act. My hon. friend will recall that notwithstanding the argument of his colleague, the British postage is higher than ours.

Mr. HANSON: I suppose the discrimination is because so many of our people have gone across the line in the last three years.

Mr. CHAPLIN (Lincoln): Has the minister considered the advisability of increasing the postal rates on newspapers? What is the present rate on newspapers?

Mr. ROBB: The carriage of newspapers and other mail matter, as my hon. friend knows, is done under regulations by the Postmaster General, and when his estimates are under consideration this information I imagine, will be available.

Mr. CHAPLIN (Lincoln): I think it comes under an act of this House.

Mr. ROBB: That may be, but an act passed under the direction of the Postmaster General, not this one.

Mr. CHAPLIN (Lincoln): If it does not come under this act, it certainly comes under an act of this House.

Mr. ROBB: I am interested in the observations of my hon. friend from Toronto Northwest and the hon. member for Lincoln. I think the hon. member for Toronto Northwest was very clear, and I think my hon. friend from Lincoln was leading up to the same thing.

Mr. CHAPLIN: Leave the hon. member for Lincoln to state his own case.

Mr. ROBB: That would be fair, but I think my hon. friend will be in a better position to state his case after I have given my experience. My hon. friend from Toronto Northwest has argued that we are carrying newspapers at a loss to the country, and that there should be an increase in the charges for carrying papers. The men who run the newspapers, particularly some of the newspapers that strongly supported my hon. friend in the last election, do not adopt that point of view. They have represented to the government very strongly that we should reduce the charges for carrying newspapers. The government has answered and said, "Until we give some concession to the people who are using the mail for letters we think you should pay those charges. We will look into your case, but you are sending advertising matter through the mail throughout Canada, and you have a right to pay for it." I am inclined to agree with my hon. friend from Toronto Northwest that we are carrying some of the newspapers at a loss, but there are other newspapers in Canada which do not take that ground. I want to be frank and say they are not all taking that attitude.

An hon. MEMBER: Name them.

Mr. ROBB: I would not like to name any of them, but there are newspapers which have been very decent toward my hon. friend from Toronto Northwest, and which argue that the newspapers should be carried for less. The government does not share that view.

Mr. CHAPLIN (Lincoln): I can tell the minister—and he knows it—that we are carrying newspapers for less than cost. We are carrying newspapers on express trains, taking them in bulk to-day, at a less figure than the ordinary freight rate. Further than that, Mr. Chairman, the minister says that the big newspapers, some of those that are helping their party, are in favour of it. How about the newspapers which are helping the other side?

Mr. JACOBS: Not very many.

Mr. CHAPLIN (Lincoln): I do not care what side they are on, they are entitled to pay their share for the delivery of their own goods. That is the stand I took in this House when we changed the rates a few years ago, and I do not think the minister is doing himself justice when he tries to make out that we on this side of the House are not prepared to tackle the question. Evidently he is not prepared to touch it. The rate given to the newspapers to-day is below cost, and what is happening is this: Under the present system the minister is helping to put the small country newspapers out of business. To-day they are delivering some of these large newspapers at a less rate than is granted to the ordinary country newspaper. I venture to say that a large number of newspapers, I I was going to say a thousand, have gone out of business. Certainly quite a large number have ceased operations due to the action of this parliament.

Mr. EULER: I will agree that newspapers are being carried at a very low rate, but I rise to a point of order. This provision deals with the method of taxation.

Mr. NEILL: I did not fully catch the reply of the minister in reference to the rate to the United Kingdom. The present rate to the United States and to points in Canada is three cents and the rate to the United Kingdom is four cents. Is it not contemplated by the government to make a proportionate reduction in the rate of postage to the United Kingdom?

Mr. ROBB: I will have to sumbit that to the post office authorities.

Sir HENRY DRAYTON: It is not in this bill?

[Mr. Robb.]

Mr. ROBB: It is not in this bill.

Sir HENRY DRAYTON: It is not in the budget.

Mr. WHITE (Mount Royal): I submit to the House in all seriousness that the drafting of this clause is as clear as mud. Look at it. It says:

> —there shall be levied and collected a tax of one cent in addition to postage payable in the form of a postage stamp to be affixed thereto at or before the time of posting the letter or post card; but such tax shall not be levied or collected on any letter or post card.

The tax of one cent is distinct and separate, according to the phraseology of this paragraph, from the postage stamp. Why not say in clear easy and comprehensive language that the rate of postage on a certain class of letter shall, after the first of July be two cents? Why not repeal this section, entirely, remove it from the war revenue, and amend your Post Office Act with a very simple and short three or four line section, so that he who runs may read? I know what the minister intends and what the department intends, but the man who, unaware of the intention of the government, undertakes to obtain this information from this paragraph will land himself in an insane asylum before he understands it.

Mr. ROBB: He has had ten years to get there, because we are following exactly the language of my hon. friend's name-sake who introduced this legislation in 1915, and it was approved by the Department of Justice.

Mr. NEILL: I suggest that we hold this over until we get an answer in connection with the United Kingdom rate of postage.

Mr. ROBB: That is not involved in this legislation at all.

Mr. BURY: Section 14 is a purely defining section of the terms used in section 15. What is the idea? Is the idea of repealing the statutory definitions to throw you back on the dictionary definitions?

Mr. ROBB: No.

Mr. BURY: I object to passing section 2 of the resolution until it is explained fully to the House.

Mr. ROBB: We are repealing the receipt tax and thereby losing $750,000 a year.

Mr. BURY: I must have got the wrong act, because section 14 of the War Revenue Act of 1915, in the volume of statutes which I have, is the defining section to section 15.

Mr. ROBB: My hon. friend has the wrong section 14. If he refers to section 14 on page 18 he will find that, for the purposes of this section, the expression "receipt" includes any note. He is quoting from another act.

Sir HENRY DRAYTON: The reference here is wrong. We should know what we are doing. The reference is to the main act. What is the minister repealing?

Mr. ROBB: We are repealing the receipt tax.

Sir HENRY DRAYTON: This section has nothing to do with it. Section 14 of the act referred to here is the act which refers to the definitions covering packages of perfumery, bottles and that sort of thing.

Mr. ROBB: The section which my hon. friend was talking about was repealed long ago. The section we are repealing now reads:

For the purposes of this section the expression "receipt" includes any note, memorandum or writing whereby any money amounting to ten dollars or upwards, or any bill of exchange or promissory note for money amounting to ten dollars or upwards is acknowledged or expressed to have been received, deposited or repaid, or whereby any debt or demand of the amount of ten dollars or upwards is acknowledged to have been settled, satisfied or discharged or which signified or imports any such acknowledgement, and whether the same is or is not signed with the name of any person.

Sir HENRY DRAYTON: Will the minister refer to the act so that we may know what we are doing?

Mr. ROBB: It has been checked by the law clerks. The section is section 10 of the acts of 12-13 George V. chapter 47.

Sir HENRY DRAYTON: I would suggest that we should have the resolution altered so that we may be clear as to what we are doing.

Mr. ROBB: It is quite clear.

Sir HENRY DRAYTON: Is my hon. friend still collecting any taxes on perfumeries under the War Measures Act?

Mr. ROBB: That was repealed long ago.

Sir HENRY DRAYTON: That was my impression.

Mr. ROBB: This is purely in reference to receipts.

Mr. STANSELL: I understood from the clause the minister read and which he said was being repealed that notes were included. Do I understand that stamps are no longer required to be placed on promissory notes?

Mr. ROBB: No. This refers to a note given as a receipt.

Sir HENRY DRAYTON: I suppose the minister could not tell us what the revenue is on receipt stamps.

Mr. ROBB: The estimated loss is $750,000 a year.

Sir HENRY DRAYTON: How is that made up?

Mr. ROBB: The Customs and Excise department have that. I have not the details.

Sir HENRY DRAYTON: I would ask the Minister of Customs and Excise how he made up his estimate of $750,000.

Mr. ROBB: I am informed that they have kept no separate record, but this is an estimate. We will admit frankly, if it will save time, that the tax has been evaded. It was not uniform; some were paying and some were not.

Sir HENRY DRAYTON: A few people who thought the tax was seriously intended started to observe it. When the different kinds of regulations came down which showed how impossible and ill-judged the whole tax was, nobody paid attention to it at all. My hon. friend says that some people did not observe it. He could have gone further and said that nobody was observing it at all. This amount of $750,000 is a guess of the wildest kind. The department have no idea as to what the revenue has been and it is very far short of that sum.

Mr. HANSON: We have the minister's frank admission that the tax was a failure and the sooner we get rid of it the better.

Section agreed to.

On section 3.

Mr. ROBB: The present tax on playing cards is as follows:

A tax on playing cards for every fifty-four cards or fraction of fifty-four in each package—when selling at twenty-four dollars or less per gross packages, eight cents per pack; when selling in excess of twenty-four dollars per gross packages, fifteen cents per pack.

This provides for a straight tax of ten cents a package.

Sir HENRY DRAYTON: The minister will probably get a little more money too.

Mr. ROBB: It is a fair thing to collect taxes from.

Mr. CHAPLIN (Lincoln): What is the estimate?

Sir HENRY DRAYTON: I would expect there would be a slight increase in revenue.

Mr. ROBB: I do not think there will be much change. The tax will be a little easier to administer. I have no estimate.

Section agreed to.

On section 4.

Mr. ROBB: I have a memorandum which reads as follows:

This is for the purpose of removing doubt as to whether goods are liable to sales tax when sold under process of law or under a lien. The court of appeal of the province of Quebec in the case of the King versus the Bank of Hochelaga by unanimous decision has ruled that a bank is not required to pay the sales tax on the sale of a stock in trade sold by them in pursuance of a security obtained under section 88 of the Bank Act. Quite sometime ago the Macamic Pulp and Paper Company made an assignment under the Bankruptcy Act and the Bank of Hochelaga,—now the Banque Canadienne Nationale,—seized and sold the company's stock in pursuance of a security which they held under section 88 of the Bank Act. The department therefore requested the bank to pay a tax on the sale of that stock on the ground that when a bank assumes the status of a manufacturer or producer and sells a stock which in the ordinary course would have been subject to the sales tax, they should be required to assume the same liability as any ordinary manufacturer or producer so far as the sales tax is concerned. Our view in the matter was upheld by a ruling made by the Department of Justice in April 1923 and I understand that the banks have always been paying the sales tax when realizing under their securities. In this particular case, however, the Bank of Hochelaga refused to pay the tax and the matter had, therefore, to be submitted to the courts for decision. The Superior Court of Montreal gave a decision in favour of the bank which decision was subsequently upheld by the appeal court of the province. In the circumstances I would suggest that section 19 BBB of the Special War Revenue Act be amended so as to provide that in future all sales of stock seized by a bank or any other pledgee or lien holder be subject to the sales tax just as if the goods were sold by the manufacturer or producer himself.

This is signed by Noel Chasse, departmental solicitor.

Sir HENRY DRAYTON: We are not clarifying the law; we are changing it. The law we take from the courts. We are told by the unanimous decision of the court of appeal of Quebec that the sales tax under these circumstances is not collectable. I do not know that it is right that it should not be collectable; but let us be fair with ourselves. We are changing the law and providing for more sales tax under these circumstances. I do not see any reason why the tax should not be paid by these people.

Mr. BURY: My view of the matter is that where a company's stock is seized by a creditor it is a hardship on both the creditor and the company for the government to come in and take out a tax in the form of a sales tax. If a sale has been effected under those circumstances surely there is no need for the government to extend a tax that is vicious in any case. I never heard anybody on general principles support the sales tax; it is in force only of necessity as a war measure. You are going rather far. Where there is seizure and sale under legal proceedings the creditor in nine cases out of ten does not get the whole of his money. I think you might very well leave the sales tax as it stands instead of extending it to cases where undoubtedly there will be a hardship.

Mr. HANSON: Is there not a danger under this section of goods having to pay the sales tax twice? Take the case of manufactured goods in the hands of a trader. On those goods the sales tax has already been paid by the manufacturer, and under this section I can see a great probabilty of their having to pay the tax a second time. I do not conceive that to be the intention of the provision.

Mr. ROBB: Under the present law the sales tax is collected only once. This provision applies to goods on which the sales tax has not yet been collected and which may have been taken over by a bank. On such goods the government has a right to its charges.

Mr. SUTHERLAND (South Oxford): How many articles are exempt from the sales tax?

Mr. ROBB: There is a long list of them.

Mr. BURY: The minister says the government is entitled to the sales tax on such goods.

Mr. ROBB: Just as a law court is entitled to the charges which it levies.

Mr. BURY: Surely the basis of that contention must be that there is some profit out of which to get the sales tax; but in many cases of seizure there will be no profit and the government will simply be taking the tax out of the pocket of the creditor. That is entirely wrong. If you could prove that there was some profit accruing there might be something to be said for exacting the tax, but there is no justification whatever either in law or in reason for the government to collect the tax out of the pocket of the already suffering creditor who most probably, in any event, will not get the whole of his money.

Mr. ROBB: The creditor has nothing to do with it.

Mr. BURY: Why not?

Mr. ROBB: Ever since the sales tax has been under discussion all the arguments on both sides of the House have gone to prove that the consumer pays the tax.

Mr. BURY: If goods are seized under process of law and are put up for sale by the sheriff, there is no knowing who pays the tax. But it is a safe assumption that in nine cases out of ten it will be the unfortunate creditor who will foot the bill, for he will get so much less. The government is therefore taking the tax out of his pocket. I care not what has been said in previous parliaments; I have my own sins to bear, and so far as I am concerned the whole principle is pernicious.

Sir HENRY DRAYTON: My hon. friend's sins are light. It seems to me that when it comes to a question of principle it is rather difficult to defend any tax which you do not want to pay. As the Minister of Finance (Mr. Robb) no doubt knows, we have in the Bank Act a provision whereby banks may make advances in connection with manufacturing processes and similar enterprises on which they have a very effective lien. Some people contend that this provision should not be retained in the act, but it is a part of our banking system. That lien enhances the bank's position, which is already one of considerable advantage as against everyone else. The bank taking action, the courts of the province of Quebec, at least, have held that it need not pay the tax. We are here really dealing altogether with the banks, and clearly the bank is in a unique position: it may, and as a matter of fact it does in many instances, virtually carry on the business. Now I do not like the tax any more than does my hon. friend (Mr. Bury), but in the matter of taxation we must try to deal fairly with all; we should not help one trader as against another. We must try to preserve an equality of taxation among the people from whom we secure revenues, and we cannot do so if the bank, with special privileges, can force the sale of goods without paying anything in the way of sales tax, while interest must be paid to the bank. That is the feature that appeals to me.

Mr. BURY: If a bank, having a lien on certain stock, steps into the shoes of the proprietor and carries on the business it should pay the sales tax. But I am not dealing with such a case. I am suggesting the case of a seizure of goods made by a lien holder and the subsequent sale by the sheriff under proceedings similar to those taken under a writ of fieri facias. I have not in mind either the case of a bank, such as my hon. friend has mentioned, or the case of a receivership; I am not discussing anything of that nature. I am referring exclusively to cases of seizure by a sheriff under a lien note or a chattel mortgage or a writ of execution. In nine cases out of ten the creditor fails to realize the full amount owing to him and the government proposes now to scoop the sales tax out of the proceeds he receives. If there were any margin of profit over and above the taxable costs of the debt due to the creditor then I would say that the government might be entitled to the sales tax out of that surplus. But I cannot see how the government can fairly assert a preferred claim in respect of the sales tax. It is just that sort of thing that is hurting us in Alberta. I do not know how far it is true of this government, but in that province the government has persistently pressed, in front of the secured creditor, government charge after government charge until the secured creditor does not know where he is. The result is that loans are not made. The principle is a pernicious one, and if the minister would consider the advisability of confining the sales tax to cases in judicial proceedings where there is some margin over and above the just debt, the difficulty might be got over. Where, on the other hand, as my hon. friend has mentioned, the lien holder exercising his rights steps into the shoes of the proprietor and continues in business, then as a trader he is certainly under a moral obligation to pay the sales tax. But that is vastly different from the realization of the whole capital stock at once under a sheriff's sale.

Mr. ROBB: This will apply only to such goods as are liable to the sales tax in the first instance, and there is a great list of exemptions. Supposing my hon. friend has a line of goods upon which he had paid sales tax; the bank sells similar goods, and I buy them, exempt from sales tax; then I sell them in competition with my friend. At once I start with a 5 per cent advantage over him. He will see that we must be fair to all traders. That is the reason for this legislation.

Mr. BURY: The hon. minister has not met my objection at all. I am talking of realization under a sheriff's sale, where the articles are sold in gross and where there is no possible competition with the other man down the street who is selling the same kind of goods. I stated expressly that I was not citing the case of a creditor exercising his right of lien and selling over the counter the

stock of goods in the store. In that case undoubtedly he is in the shoes of the trader and he will have to shoulder the burden of the trader in the form of sales tax. But suppose I have a chattel mortgage on the stock in trade of the trader who has not yet paid his sales tax, and who would have had to pay it if the goods were sold in the ordinary way in the course of business over the counter. If the sheriff seizes those goods under my chattel mortgage—as he would do in Alberta—and advertises them en bloc by auction on a certain day, do you mean to tell me there is any question of competition in such a case? There is no competition at all, for the prices paid at an auction of that kind will not be anything like the prices paid on the same goods sold at retail over the counter in the ordinary course of business.

Mr. CHAPLIN (Lincoln): Mr. Chairman, under this item I wanted to bring a matter to the attention of the minister which I cannot see any way of doing otherwise. A couple of years ago the minister put a tax on dies, patterns and tools made in the manufacturer's own plant. These the manufacturer never invoices and never sells, but under the law tax is collected upon them. He gets his money out of the work produced by those dies, patterns and tools. Under the law a great many manufacturers are being made to pay the sales tax twice, once upon the equipment and again upon the goods therewith produced. Their competitors pay no such tax; you do not reach any of them in the United States, England or anywhere else with that tax. In short, you are putting a direct double tax upon the Canadian manufacturer. I do not know why it was done; I do not know how much the minister makes out of this tax, and I should like to get some information about it. It was first done in 1924.

Mr. ROBB: Mr. Chairman, if my hon. friend will allow this item to pass, perhaps when we come to the next item the amendment which I shall propose will clear up what he is referring to.

Section agreed to.

On section 5.

Mr. ROBB: Mr. Chairman, I have the following amendment to make to this resolution—

Mr. MEIGHEN: What are we at?

The CHAIRMAN: No. 5.

Mr. MEIGHEN: Before we pass that I want to ask the minister, now that he is rivetting more sales tax on the people, has he forgotten the crocodile tears he and all his followers shed over the sales tax of 3 per cent and the fearful burden that it imposed on the great consuming masses of Canada? And how does he now reconcile himself to a tax of 5 per cent on those poor consuming masses while he remits from the large incomes of the wealthy as much as a quarter of a million a year?

Mr. ROBB: Mr. Chairman, I am removing some of the sales tax.

Mr. MEIGHEN: The general level is 5 per cent now. What tears were shed when it was 3 per cent, in fact when it was 1½ per cent! I can remember one hon. gentleman—I wish he were in the House; it was the hon. member for Last Mountain—he will not even whisper any objection now, but when the sales tax of 1½ per cent was put on, the hon. member for Last Mountain—

An hon. MEMBER: Long Lake.

Mr. MEIGHEN: Long Lake, is it now? Well, this is a story that will not remind us of Long Lake. He stated you could not expect anything but burdens on the poor from the government of that time, that you could no more expect anything better from them than you would expect the scent of roses if you had a polecat under the table.

Mr. LAPOINTE: You have a wonderful memory!

Mr. MEIGHEN: I have a pretty fair memory. But how fragile is the memory of hon. gentlemen opposite, how short! Now the sales tax is 5 per cent, I want to know if the minister has any of that odour coming around. Not satisfied with the 5 per cent he is rivetting it on in further cases.

Mr. ROBB: No.

Mr. MEIGHEN: Does he remember his colleague from Cape Breton at that time who pictured the government letting the Queen of Sheba in all her robes and feathers walk by untouched while we knocked the bag of flour out of the hands of the little fellow taking it home to his mother? Does he not remember that? How does the minister feel when he gets some of his followers, including the member who formerly represented Last Mountain, to support not only the 5 per cent sales tax but in addition the rivetting of it on the people, while he remits the tax on the feathers of the Queen of Sheba and all the fine dresses of the wealthy to the extent of a quarter of a million a year? Will the minister give an

explanation of the change of front and what trouble he has had convincing these hon. gentlemen? How has he got rid of the odour?

Mr. ROBB: By reducing the sales tax.

Mr. MEIGHEN: No, the minister has increased the sales tax. It is now two-thirds higher than it was then—in fact four times as high as it was at the time of the polecat. The minister cannot escape by the mere assertion of what is absolutely incorrect. There are very few articles omitted, merely chaff and straw; the great mass of the sales tax still exists, and the workman has got to pay it on his smock, on his underclothes and on everything he wears; but the Queen of Sheba passes now and pays a quarter of a million less tax than she did at that time. Will the minister kindly explain how he has reconciled his followers to this change of front, and especially how he got the support of the party which egged on the attack at that time?

Mr. CHAPLIN (Lincoln): And who are very quiet to-day?

Mr. MEIGHEN: Cannot he recall the philippics of his leader against the big interests and the alliance of the government of that day with those interests, and against the way the profiteer was allowed to escape clothed in fine linen? Now he takes the great consuming masses, for whom their hearts were bleeding in that day, and he rivets on them a 5 per cent sales tax and lifts off the great burden from those who were said to be the big interests and the favoured few of that time.

Mr. ROBB: Mr. Chairman, I would give a great deal to have the memory of my right hon. friend.

Mr. MEIGHEN: It would be a great thing for the government.

Mr. ROBB: I am not so sure about that. My right hon. friend with his great memory appears to have forgotten that we have removed the sales tax from a long list of articles.

Mr. MEIGHEN: Just what?

Mr. ROBB: I have not them all here. There were agricultural implements in 1924; boots and shoes were reduced by one-half in 1924.

Mr. MEIGHEN: But they are still half as high again as at the time of the polecat.

Mr. ROBB: In the case of foodstuffs, certain biscuits, the sales tax was reduced by one-half— on certain fish and canned foods it was removed altogether. I am not going to be drawn into a long controversy on this much disputed method of taxation; I will admit at once that it should be our objective to get rid of the sales tax as fast as possible. I am going to offer a little free advice; when we remove this sales tax it should come down one per cent per year. If you knock it all off at one time it is not quite fair to the dealers who may have paid sales tax on some goods in stock. The objective should be to get down one per cent every year or every six months, or something like that.

Mr. CHAPLIN (Lincoln): Why not start it?

Mr. ROBB: We have started it by taking off a lot. I challenge the statement of my hon. friend that we have increased the sales tax to any great extent. This has been argued back and forth for some years, but my right hon. friend will recall that under the previous system the sales tax was pyramided. I had a calculation made that it worked out on boots and shoes to 7 per cent; on other items it came to 6½ per cent and on a few things it worked out to about 9 per cent. I will admit that the sales tax is higher now than I would like to have it.

Sir HENRY DRAYTON: And more pyramided.

Mr. ROBB: No, I think not. Now, I move the following amendment:

> Articles and materials, not to include permanent equipment, which enter into the cost of manufacture or production of goods manufactured or produced by a licensed manufacturer or producer; wrought, seamless, or lap-welded iron or steel tubing, less than four inches in diameter, threaded and coupled, or not, when used only in oil wells, and materials used in the manufacture of such tubing; machinery and apparatus used only in the pumping of crude oil out of wells, and articles and materials used in the manufacture of such machinery or apparatus.

Mr. MEIGHEN: The minister is using the very best of good judgment in not getting into a controversy, because he could not say a word either for himself or his party. The idea of the minister suggesting that this government have not raised the sales tax; 98 per cent is two-thirds higher than it was when the minister came into power, and for a while it was twice as high. The minister says it was pyramided then, but the pyramiding to-day is necessarily much greater because of the legislation passed by this government. The more you bring the sales tax back to the first transaction; the nearer you bring it to the originating transaction; the larger proportion you transfer to that originating transaction, the greater the pyramiding,

because from that transaction it proceeds through all the other transactions, pyramiding as it goes. In our day we had a portion of it on the originating transaction and a portion gathered later on. That method proved somewhat cumbersome and rather distasteful to the retail dealers; it all came out of the consumer anyway, and the consumer had no organization, so the minister went back and put it all on the originating transaction. Now the pyramiding is greater than it ever was; it starts at 5 per cent where it formerly started at 3 per cent, and indeed at the time of the worst of the attack it was only 1½ per cent. The minister says they are going to get good some day and reduce the tax one per cent. How is it that he has reduced the tax on those having large incomes, and the larger the income the greater proportion of reduction, before he took the one per cent off "the great consuming masses?" We never hear that phrase now from hon. gentlemen opposite; apparently it has been dropped from their vocabulary altogether, but some of us remember it. The minister says his memory is not very good. I know that; it is a convenient thing for their consciences, but it does not add to their value as legislators.

Mr. JACOBS: I would like to ask my hon. friend if he ever heard of a politician having a conscience.

Mr. MEIGHEN: I have seen the type who have none, and I do not wonder that the hon. member, having regard to the company he has been keeping, has despaired of any politicians having consciences at all. When I recall to him the incidents I am now recalling I am sure it is only a tribute to his logic that he begins to despair of politicians having consciences. I do not think he said very much at that time, but I know him and I will guarantee that he recalls the phraseology I am bringing to his mind this afternoon. He heard it all; he did not take very much part in it; he sat back and smiled and only reaped the fruits and thanked God. That was the part taken by the hon. member for Cartier (Mr. Jacobs).

Mr. JACOBS: I would like to draw the hon. gentleman's attention to the fact that I have as yet reaped no fruits.

Mr. MEIGHEN: The fruit the hon. member reaped was the representation of Cartier. I know that is the only fruit he has reaped, and I know he is worthy of something greater.

Mr. JACOBS: They elected me in spite of party.

[Mr. Meighen.]

Mr. MEIGHEN: I think they must have. Now I think there are some further facts which will be brought out in this discussion, but it is well that the minds of hon. gentlemen should be turned back for a while to what was perhaps as fraudulent, as conscienceless, as unprincipled and as discreditable an attack on a great party as ever disgraced Canadian politics.

Mr. CHAPLIN (Lincoln): In view of what the minister said a moment ago about the decrease in sales tax I would like to call his attention to the fact that in 1920 we raised by this tax roughly $15,000,000. In 1921 the amount was $78,000,000; in 1922 $73,000,000; in 1923 $106,000,000 and in 1924 $120,000,000, in round figures.

Mr. ROBB: But we are doing more business.

Mr. CHAPLIN (Lincoln): Only $95,000,000 was raised this year by the same tax, and to that extent less business was done.

Mr. ROBB: But in 1924 we removed a number of items from the sales tax.

Mr. CHAPLIN (Lincoln): And the minister never brought any statement to the House of what they were. According to his own words this tax should have been decreasing every year, but the opposite has been the case. How does the minister account for that? A moment ago the minister said a number of items had been removed from the sales tax, but the facts are that the sales tax increased from $15,000,000 in the first year of its existence to $120,000,000 in 1924. It fell off to $85,000,000 in 1925, but this year it has gone back to $95,000,000.

Mr. MEIGHEN: If business has been increasing will the minister explain why he has been collecting less income tax every year?

Mr. POWER: People are getting wise.

Mr. MEIGHEN: They are wise to the kind of government we have.

Mr. BURY: I am delighted to hear the Minister of Finance damn the sales tax, but of course he keeps it on. It is not a good thing to have $120,000,000 of a sales tax around the neck of business. If I remember history correctly the sales tax was invented by the Duke of Alva and was enacted for the Netherlands, not so much for the purpose of raising money as for the purpose of crushing the people. Even that brilliant economist, Philip II of Spain, had grave doubts whether it was not an insane tax, and subsequently it was removed. It remains for Canada in the twentieth century to do what Alva and

Philip II of Spain discovered ultimately was folly, and to put $120,000,000 a year around the neck of the trade of Canada.

I would ask the minister to consider two further exemptions to those which he has already suggested. One is an exemption upon lumber and building materials used by settlers in the erection of their residences and farm buildings. We are asking for settlers to come to this country; we are trying to improve the conditions of the settlers when they come here and make their living as cheap as possible, and yet we stick a sales tax on almost every article they have to use for the purpose of establishing themselves here. I would ask the minister to consider whether the sales tax should not be removed from all articles that come within that category.

There is another smaller line of article that I would like to mention. It is almost ludicrous, but I discover that eggs come into this country, when they are eggs, free, but that when they are blown and there is nothing but the empty shell, they have to pay the sales tax. The way that came to my knowledge was this: A naturalist in the province of Alberta who is accustomed to exchange or get in specimens of eggs from the United States, either by purchase or exchange, finds that he has to pay the sales tax the moment the empty shells come in here. It seems to me that naturalist specimens imported for this or other scientific purposes ought to be exempt from the sales tax. I mention these two, but particularly the question of the exemption of all building materials from the sales tax in the interest of settlers.

Mr. MURPHY: I was very pleased to hear the minister say that he was going to reduce the sales tax one per cent per year or every six months until it was done away with. Of all taxes that is the one that presses most heavily on the common people of this country, and it should be removed at as early a date as possible. As you read the amendment, Mr. Chairman, I understood it to say that the sales tax was to be taken off casings for oil wells.

Mr. ROBB: Certain casings.

Mr. MURPHY: I think casings for oil wells were mentioned. Possibly the minister has overlooked the fact that there are many salt wells in the country which use casings for the same purpose, and I think casings for this purpose should also be added to the list of exemptions.

Mr. ROBB: I will look into that. We have power under the act to arrange for that, but I should like to look into it first.

Mr. MURPHY: It is just to bring salt wells into the same category as oil wells.

Mr. ROBB: I will look carefully into it. The case mentioned by my hon. friend from East Edmonton regarding blown eggs, I imagine, does not amount to very much; it is rather a small matter.

Mr. CHAPLIN (Lincoln): I was hoping that the amendment the minister moved would have had some bearing on the case I brought to his attention a few minutes ago. Would the minister look into it—the case of the sales tax on dies and tools? I presume that the minister has found a great deal of trouble in collecting this tax. There are no invoices for it in the first place, and you must require special collectors; you have to go after that tax in a special way when no invoice appears, because the manufacturer, of course, will not invoice an article to himself. I doubt if the minister is getting very much out of the tax. It is not fair, it is not just, it is not right, it is not decent even, because it is a tax that is collected twice. You collect it on the tool the man works in his factory, and then again on the product of the tool itself; you collect the tax twice. It is almost impossible to get a knowledge of it for the reason that there is no

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invoice for the first tax. There is an invoice for the second, and you get your tax in that case, but there is no invoice for the first. I cannot see either the sense or the justice of keeping a tax of that kind on the statute book.

Mr. ROBB: There is very much in what my hon. friend says. He has convinced me that this is a tax on production that we might very well get rid of. I observe that the minister has the power to determine the value for taxation, and possibly that was placed there with the idea that the minister could provide that it should be very low.

Mr. CHAPLIN (Lincoln): No, no.

Mr. ROBB: Let me tell my hon. friend how it came to be put in there. I am advised by the officer that it was put in there at the request of the manufacturers' association. I gather that they must have had in mind that the minister might impose merely a nominal tax, say one or five dollars. I think it is quite right; there should not be any tax on that, and I will have the matter looked into.

Mr. CHAPLIN (Lincoln): It may be as the minister says, that after the law was passed the manufacturers' association advised you how to collect it, and the only way you

can collect it is by making the manufacturer keep a record of the cost of the article. You say to him that the cost must be the labour on the article at $1.25 an hour, plus the cost of the raw material used in the article itself. You are putting the manufacturers to a lot of worry over something that you are not getting anything out of. The thing is not a reasonable propostion because they are paying the tax once anyway.

Mr. ROBB: I am sure my colleague the Minister of Customs, who administers the act, when he hears of my hon. friend's observations, will look into the matter. I agree with my hon. friend that the tax should be fixed at the minimum.

Mr. BURY: Will the minister look into the case I suggested, the exemption of lumber and building materials for settlers?

Mr. ROBB: Yes, but I am not sure how we can relieve from taxation the settler who buys lumber and impose a tax on some person else who buys lumber. I am not sure that it might be a good thing to lighten up on the taxes on all these building materials.

Mr. HANSON: Why not wipe out the sales tax on all lumber used for domestic consumption? You do not tax lumber that is exported, and I never could understand why the distinction was made between domestic and foreign sales.

Mr. ROBB: My hon. friend will admit at once that lumber is only one of many building materials. We shall have to look into the whole question before arriving at a conclusion.

Mr. LUCAS: Would the minister consider putting lumber and shingles in the list of exemptions under the sales tax? We are spending a great deal of money to induce settlers to come here, and practically the only place we allow them to go is on the farm. Lumber enters largely into the construction of houses and outbuildings on the farm, and one of the great problems we have in the west to-day is to keep the boys and girls on the farm. In my opinion one of the greatest things that is driving our boys and girls off the farm is the type of homes we have in the west. Many of them are nothing more than shacks and are not attractive enough to keep the boys and girls on the farm. I think the government would be doing something worth while if they would reduce the sales tax on lumber and shingles, and on other building materials if they can see their way to go that far. That would be doing a great deal to assist the incoming settlers, and to assist the settlers who are already on the land in improving their homes. We know that the finances of the country are improving, and I believe that this is a question that the minister might very well consider.

Mr. ROBB: We will look into it very carefully.

Mr. MANION: I would just point out to my hon. friend from Camrose and many of his friends that they have been telling us ever since this budget was brought down that it was a poor man's budget, that it was a budget for the great masses of the people. Despite the fact that we in this part of the House have pointed out that the only reductions made were in the taxes on high incomes, and a few things of that sort, they still insisted that this budget was going to help the masses of the people. If the Minister of Finance would explain to my hon. friend from Camrose the many ways in which this budget is going to help his friends in the west who are living in shacks, my hon. friend will be able to go back home quite satisfied that this budget is really a poor man's budget. Some of us have been unable to see how it can be so characterized. I made the statement about a month ago that I could not find anything in it for the working man or the small farmer such as my hon. friend referred to, and I have been hunting to find out where there is anything that will benefit those classes. I admit that once a month the ordinary working man saves a cent on a postage stamp and on angostura bitters. That is the only saving he makes.

Mr. CHAPLIN (Lincoln): That applies only to Quebec.

Mr. MANION: My hon. friend from Lincoln suggests that angostura bitters are to be found only in Quebec and that you cannot use them in this province.

Mr. LAPOINTE: I am not sure about that.

Mr. MANION: I was on the point of asking my hon. friend a question about the searching of rooms, to which I have seen references in the press, but I will not do so. I think the minister should point out to my good friends over here the many ways in which he says the small farmer will be benefited by the budget. Half of my constituents are farmers, and I should like to be able to go back and tell them of the advantages that will accrue to them.

Mr. ROBB: If my hon. friend can find time to come to the Department of Finance, I will show him the correspondence from all over Canada.

Mr. MANION: My hon. friend seems to be able to convince the people of Canada that he is benefiting them when he is not. He keeps on repeating the statement that he has lowered the sales tax when he knows that since his government came into power it has been increased from about 2½ or 3 per cent, where it stood when we went out of power, to 5 per cent. They removed the tax from a few small items, but taking it by and large it has been increased. I do not know why the minister invites me to go to his office to get the information in secret. Let him tell the public of Canada how the small farmers are benefited by this budget.

Mr. MEIGHEN: The minister says he has letters of commendation. I wonder if anyone has reminded him that he described his income tax reduction as a reduction all round, when he knew it was only half way round?

Mr. CHAPLIN (Lincoln): "All along the line."

Mr. ROBB: I will come to that later.

Mr. MEIGHEN: In a word, misrepresentation followed misrepresentation all through the budget address.

Mr. CHAPLIN (Lincoln): All along the line.

Mr. MEIGHEN: These things produce their momentary round of applause at the time, but the reaction and the disillusionment follow. It has come often in the life of this government, and it is again on the way. I do not think the records will be complete unless I put on Hansard some extracts I was referring to a few moments ago. I will first ask the committee to listen to this statement, directed against a 1½ per cent sales tax, by the late Solicitor General in this government—the Solicitor General in a government which raised the same tax to 6 per cent:

> The tax is simply for the purpose of drawing the line of demarkation more strongly between the millionaires and the profiteers of the country, and the poorer classes, who now get fairly decent clothes.

Mr. CHAPLIN (Lincoln): Who said that?

Mr. MEIGHEN: Mr. D. D. McKenzie, late Solicitor General in this government, and Solicitor General when they put the tariff up. The quotation continues:

> The idea is that they shall not be permitted to get purple and fine linen such as is worn by the millionaires.

That language was typical of those times. The Prime Minister himself inveighed against the sales tax. He said:

> Why instead of the removal of any of the taxation that bears immediately upon the masses of the people, the duties upon the necessaries of life, it is the business profits taxes and the luxury taxes that have been abolished.

Then he goes into a long dissertation to show how heavily this sales tax bears upon the backs of the masses of the people. I will quote now from Hansard, June 1, 1920, page 2978:

> Instead of alleviating the high cost of living as it affects the great mass of consumers they have added to it. They have increased the cost of living and made it more difficult for the people of Canada to live than it has been heretofore. To an invisible tariff they have added a visible tariff on a great multitude of commodities, thereby increasing the cost of living to the vast body of consumers.

And to this visible tariff, superadded to the invisible tariff, the same Prime Minister superadded again three per cent—that is to say, 100 per cent of what it was, leaving it 66⅔ per cent higher than it was—while to the "millionaires and profiteers" remissions are made in vast amounts by the government of which he is the head, all supported by the eloquent democrats of western Canada on both sides of the House. I will quote something from a speech by the hon. member for Last Mountain, now Long Lake. Since passing from Last Mountain to Long Lake the hon. member has become very much subdued; he is just as docile as the most democratic leaders could desire. Speaking against the 3 per cent sales tax on March 18, 1921, he said:

> The sales tax has been increased by 50 per cent, and that, to my mind, is a direct increase in the customs tariff. But what are we to expect? Some one has said that you cannot expect to have the perfume of roses around while there is a polecat under the table.

Has the polecat got so strong that the hon. member keeps out of the House? The perfume is now 66⅔ per cent stronger than when he uttered those words. He continues:

> Neither can you expect to have fair methods of taxation imposed by a government whose policy is dictated by and wholly in the interests of the big interests of the country.

Well, since the policy in respect of that tax has been on the one hand exaggerated, multiplied and intensified 66⅔ per cent, and on the other hand reduced in its application to what they describe as profiteers in big business, then I want to know what is the relationship and the affiliation between the government which does that and the big in-

terests of the country? Will some hon. gentleman be good enough to explain how this language can be reconciled with support of the present budget? Will someone be good enough to explain how it is that a three per cent sales tax on the masses and a 66 per cent income tax on the very rich is a rich man's budget, a big interest budget, while a five per cent sales tax on the masses and a thirty per cent income tax on the very rich is a poor man's budget? There is scope for the ingenuity of those hon. members who have become enthusiastic over this budget and especially over the feature which we are now discussing; there is some scope for the ingenuity of the Minister of Finance himself. The language however did not stop with that which I have quoted. I take this from the former member for the constituency of Marquette, then leader of the Progressive party.

Mr. FORKE: Would the right hon. member mind mentioning the date?

Mr. MEIGHEN: I knew I would arouse the present leader of the Progressive party. The date is the 17th May, 1921. That was when the sales tax was three per cent. He was the leader of the Progressive party then and he was leader when it was increased, but he forgot all about this language when it was increased and so did the hon. member for Brandon. This was the language which the former leader of the Progressive party used against a three per cent sales tax:

> The operation of the sales tax will also bear heavily upon the poor man. If it raises the prices of commodities, it limits and decreases the consumption of them. If it limits and decreases consumption, it decreases production, and if it decreases production it brings stagnation to business and unemployment to labour.

Nothing could be worse than that. That was to follow a three per cent sales tax. How are hon. gentlemen able to tolerate a five per cent sales tax and all the dire consequences to the poor and to labour that are bound to ensue? He went on:

> But the minister, through the operation of the sales tax, is increasing the cost of living to every person in the country. What about the wealthy man who spends six months in California, or Florida, or Europe? He has not to pay taxes when he is away. But the poor man with the limited income—he may be out of work, without any income at all, just living on the slender resources he may have accummulated in the past—finds himself in an altogether different situation. What position is he in? And what position is the returned soldier in? This tax will hit them every day in the year; they cannot escape from it; and to that extent my hon. friend has been very unwise in the taxes he is imposing.

[Mr. Meighen.]

This is the sales tax increased to five per cent which hon. gentlemen support while they palliate and applaud a reduction of hundreds of thousands of dollars a year to the richer men of our country.

Mr. FORKE: Did the former hon. member for Marquette not move an amendment to that budget?

Mr. MEIGHEN: I presume he did right along the lines of his speech. But I was not tied up to his speech and the hon. member for Brandon was. Being tied up to the principles he then espoused, upon which he went to the people, how does he now cajole his party into supporting an intensification of what he then condemned?

Mr. BROWN: Is it not also true that the hon. member for Brandon and those who voted with him voted against that part of the budget for two years—in 1922 and 1923?

Mr. MEIGHEN: Then the conversion has been rather recent. Is that what the hon. member is making out?

Mr. BROWN: Not at all.

Mr. MEIGHEN: I do not know that I am particularly concerned as to the exact date of the metamorphosis. All I know is that it is already perfected in the hon. member for Lisgar. Nothing could be more complete than the shackles which bind him to the Liberal party and as I look across the floor I find him in his natural place.

Mr. BROWN: I think the hon. member ought to feel flattered when the member for Lisgar comes where he can hear him best.

Mr. MEIGHEN: And I hope he never loses the lessons I am giving him now. I do not doubt that in the process of composing the Progressive party and getting them behind this budget or, in a word, making them Liberals or, as I would call it, "Grits," the hon. member for Brandon had a faithful coadjutor in the hon. member for Lisgar. There is no negation of the past; there is no superconversion that the hon. member for Lisgar is not capable of if it will help the Liberal party. The government could have raised the sales tax to 50 per cent; he would still have supported it and he would have brought all the pressure he could bring to bear to get hon. members to my left to do the same. If they wanted to let all the Queens of Sheba in the world pass by with no tax at all he would have supported that too so long as it was done by the Liberal party.

I come now to the words of the former hon. member for Cape Breton North and Victoria, lately Solicitor General in this government. He said:

The Minister of Finance—I am sorry he is not in his place—

That is the present hon. member for West York (Sir Henry Drayton).

—has shown favouritism to the millionaires, the trusts and the combines in this country—

How those words used to ring through the parliaments of that time.

—and, as usual, he has kept a heavy hand upon the poor people.

This is in relation to the sales tax:

While he abolished the luxury tax, the only weapon by which he could reach those who are able to travel and who can revel in luxuries, he retains the means for making things uncomfortable for the poor man and of taking from him practically that which he has not. He allows to escape the ladies with the diamonds and sumptuous furs, the silks and the satins; he lets go the Queen of Sheba, while he chases the little boy with the twenty-five pound bag of flour under his arm.

I need not remind the House that at the time those words were uttered there was not a single tax, not a five cent piece on a twenty-five pound bag of flour. The tax made no difference whatever to the opposition of that day, any thing at all that would raise a wave and storm of prejudice through the country against the government, the falser the charge, the better they liked it. Anything would do if in the minds of the great masses of the people they could get them to think that the government was favouring the rich. What I am calling attention to is that this is the government which now holds the sales tax 65 per cent higher than it was then while it boasts of a reduction in the income tax. I do not think I have finished with the former hon. member for Cape Breton and Victoria yet. He said further:

Now I am telling the present Finance Minister that while he lets the Queen of Sheba go by in swell array he is having a tax collector stand on the corner, stick in hand, to knock down the poor fellow that has not paid the tax on his twenty-five pounds of flour. All these things constitute evidence that the poor man is visited with the scourge of taxation, while those who can better afford to pay such taxes are allowed to go scot-free.

I wonder what he would say about the government now who added to this same tax that he describes as bearing especially upon the poor, making it 5 per cent where it was 3 per cent, and who smile in peace and admiration while all the Queens of Sheba in the world pass by. The language used by these gentlemen does not differ substantially. Mr. Speaker is not in the chair, but perhaps I may quote some of his words as the most moderate I can find of the attacks on the sales tax. One never heard any attack on the income tax in those days, for it was impossible to make it high enough to suit hon. gentlemen opposite. These are the views expressed at that time by the present Speaker.

One has not to be much versed in political economy to know that the basic wants of man are threefold: food, clothing and shelter.

One would think, to hear hon. gentlemen opposite now, that the basic want of humanity was a motor car.

These necessities, in a cold country like Canada, should not be taxed. Any tax on the necessities of life are a handicap to the labourer, to the worker; they press more heavily on the poor man than they do on any other man in the community.

It is fortunate for Mr. Speaker that he does not have to vote in favour of a government which has added mightily to the tax on these necessities in a cold country where they should not be taxed at all. The government has now come to the conclusion that these things are not half so necessary as a luxurious motor car to ride around in. I have some other quotations, but I think I have gone far enough, Mr. Chairman, to show the sincerity which has characterized the Liberal party in the matter of taxation—sincerity which is now so obvious in the present budget. The Liberal party stand to-day convicted of having for years in Canada conducted a campaign in which they had not a particle of belief and which they knew was insincere and fraudulent from the beginning. They stand convicted now of having attacked us for pursuing a course which they knew was right, and for not not doing just what they found essential to avoid doing when they got into office. If what we committed was an offence, what they perpetrated in the same direction was a crime. To-day they sit with no defence whatever; they cannot utter one word in palliation of the language they used at that time. All they say is, "Oh, well, we described the budget in this way and we described it in that, and as a consequence we have received letters from people who believed us." Well, the number of those who have believed them will diminish day by day.

Mr. BOIVIN: The remarks of the right hon. gentleman (Mr. Meighen) whom we are all glad to see back in the House after his recent illness, were certainly very interesting. His memoirs of days gone by were especially illuminating in so far as they related to some members who are no longer here and who will not be obliged to vote upon the resolutions

now under consideration. But when he read so admirably those extracts from Hansard I was reminded of the reading from Hansard by members on this side of the House of extracts from certain speeches made by the right hon. gentleman himself when it was proposed to reduce the tariff on agricultural implements.

Mr. MEIGHEN: Give some of those quotations.

Mr. BOIVIN: I do not happen to have them under my hand, and they have been quoted so often that I should not care to repeat them. I do not want to follow my right hon. friend's example and quote from past debates to-day, but if I did I certainly would see that they applied to the question before the committee. My right hon. friend's recital of the story of the polecat is not apropos because the government is not increasing the sales tax at the present time. The story of the polecat and references to hon. gentlemen who have left the House would have been much more appropriate two or three years ago when the sales tax was increased.

Mr. MEIGHEN: They are pretty apt yet.

Mr. BOIVIN: The right hon. gentleman has tried to convey the impression in his very able and subtle manner that the government is to-day increasing the tax when as a matter of fact it is decreasing taxation. The former government increased the sales tax in some respects, but that government levied the tax at the source. It imposed a sales tax of 6 per cent on practically all commodities, later reducing it to 5 per cent and then to a smaller amount on certain commodities.

Mr. MEIGHEN: What does the hon. member mean by "the former government"?

Mr. BOIVIN: The government which was in power previous to the last election.

Mr. MEIGHEN: I thought it was still the same government.

Mr. BOIVIN: Well, the government in power during the last parliament.

Mr. MEIGHEN: It should be the former government.

Mr. BOIVIN: No, I am not at all prepared to admit what my hon. friend seeks to imply. The only one who thinks that the former government ceased to exist at the conclusion of the election is my right hon. friend himself. Parliament has decided against him on many occasions and he does not like to be reminded of the fact.

[Mr. Boivin.]

Mr. MANION: The majority of the people in the country were of the same opinion.

Mr. BOIVIN: I am always glad to hear from my hon. friend from Fort William who has the habit of interjecting the right remark at the wrong time. Does the hon. gentleman say that the majority of the people decided against this government?

Mr. MANION: Hear, hear.

Mr. BOIVIN: When?

Mr. MANION: On October 29.

Mr. BOIVIN: I do not want to precipitate that debate again, but if the hon. member will count the votes given to supporters of this government, he will find that they were much more numerous than the votes given in favour of supporters of the opposition.

Mr. MEIGHEN: Did this House ever vote confidence in this government?

Mr. CAHILL: It never voted non-confidence.

Mr. BOIVIN: This House has voted confidence in the present government every time any question has been submitted to its decision.

Mr. MEIGHEN: The minister said it was not the same government. I thought he would go back on what he had said.

Mr. BOIVIN: I do not intend to go back on anything; nor has this government the slightest intention of doing anything of the kind. If my right hon. friend will consult the majorities cast in favour of the government, he will find that we are going forward vote by vote.

Mr. McGIBBON: Wait until the people get another chance at you.

Mr. BOIVIN: My right hon. friend, after endeavouring to create the impression that we were increasing the tax when he knows very well that we are decreasing taxation—

Mr. MEIGHEN: What about section 4?

Mr. BOIVIN: Section 4 is merely for the purpose of securing uniformity in the law in all the provinces of Canada.

Mr. MEIGHEN: Extending it where it was not before.

Mr. BOIVIN: Not at all. Heretofore there had been differences in the interpretation of the law as between different judges in various parts of the country, and the proposed provision merely seeks to bring about uniformity. It has no other object. There is no increase in the sales tax this year. My

right hon. friend is suggesting to-day, as I remarked before, in his very able and subtle manner, that this government has reduced the income tax to a considerable extent, particularly as it affects the richest people in the country; and in the same breath he blames the Minister of Finance for claiming that the income tax has been reduced all round. He claims that this statement is not correct. One story or the other must be wrong.

Mr. MEIGHEN: I do not think so.

Mr. BOIVIN: Does my right hon. friend think that both are right?

Mr. MEIGHEN: Certainly.

Mr. BOIVIN: That we are reducing and increasing at the same time?

Mr. MEIGHEN: Certainly. The hon. minister understood me before, and so that everybody may know he understood me I will repeat what I said. On all incomes from $50,000 up there is a diminution; only on part of incomes from $50,000 down is there a diminution, on scores and hundreds there is an increase. This government is quite capable of increasing and decreasing a tax at the same time. They increase the tax on the lower incomes and decrease it on the higher.

Mr. BOIVIN: I am quite willing to admit that we do increase the income tax in part on the incomes of those who should have paid the tax before, but who were exempted by hon. members on the other side of the House when they were in power, and who consequently were not called upon to pay the tax that they should have paid.

Mr. MEIGHEN: Why did you not do it four years ago?

Mr. BOIVIN: Because last year, two years ago, three years ago and four years ago there was no general revision of the Income Tax Act.

Mr. MEIGHEN: Why not?

Mr. BOIVIN: The first revision came this year. I was not a member of the government three years ago.

Mr. MANION: That is the reason?

Mr. BOIVIN: Not the only reason, but it might be one reason.

Mr. MANION: I think so. There were a great many taxes not reduced three years ago.

Mr. BOIVIN: The sales tax was increased three years ago and the income tax was not reduced three years ago because this government was obliged to find funds to pay the debts placed upon the shoulders of the people of Canada by the government of which my right hon. friend was prime minister. That is why the reduction did not take place, and that is why the sales tax was "increased"—that is to say, if reducing it from 8½ per cent to 5 per cent can be called an "increase." My right hon. friend says: Oh, when I was in power, and the sales tax was originally imposed, there was no great burden placed upon the people and there was no pyramiding of the sales tax; we imposed half of the three per cent at the source and the other half a little further on.

Mr. MEIGHEN: Hear, hear.

Mr. BOIVIN: I am glad that my right hon. friend says, "hear, hear." I happen to have in my hand a document prepared by the officials of the department, which shows that in the days when my right hon. friend and his supporters were in power, instead of paying 2½ per cent on shoes the tax was 8½ per cent. When the hides were imported by the manufacturer he paid 2½ per cent; when the leather was sold by him to the wholesaler there was 1½ per cent paid on the value of the leather; when the wholesaler sold that leather to the boot and shoe manufacturer there was another 1½ per cent paid; when the boots and shoes were sold by the manufacturer to the wholesaler there was another 1½ per cent paid on them, and when those boots and shoes were sold by the wholesaler to the retailer there was another 1½ per cent paid, making a total of 8½ per cent on the boots and shoes. Of course, there is no pyramiding there!

Mr. KAISER: How many boots are made out of a hide?

Mr. BOIVIN: That is a staggering question, but my answer is that it would depend a great deal on the size of the hide.

Mr. MANION: And the size of the boots.

Mr. BOIVIN: But we were talking of the percentage of tax on the price of the hides, on the price of the leather and on the price of the shoes; so the tax in reality was 8½ per cent. But that was not the only place where taxes were pyramided.

Mr. MEIGHEN: Surely the hon. minister is not serious in saying that because there is a tax of 1½ per cent on the hides that means another 1½ per cent tax on all the shoes made out of it? Absurd.

Mr. BOIVIN: No; that would not be so bad, but there was 1½ per cent on the hide and 1½ per cent on the shoes besides.

Mr. MEIGHEN: No, no, the minister added the two together.

Mr. BOIVIN: I have added five taxes together to make the 8½ per cent. I added the tax on the hide, the tax on the leather when it was sold to the boot and shoe manufacturer, the tax on the boots and shoes when they were sold to the wholesaler, and the tax when they were sold by the wholesaler to the retailer.

Mr. MEIGHEN: But you would make a dozen pairs of boots out of one hide.

Mr. BOIVIN: Certainly.

Mr. MEIGHEN: Then why do you add the percentage for each pair?

Mr. BOIVIN: The percentage is what I am adding, not the tax itself nor the price. Let us now pass on to clothing.

Mr. MEIGHEN: Hear, hear.

Mr. BOIVIN: I am not in a hurry to pass on.

Mr. MEIGHEN: I would get away from that if I were you.

Mr. BOIVIN: I would be willing to discuss the matter with my right hon. friend at considerable length.

Mr. KAISER: Is the minister convinced that the final percentage on a pair of boots would be 8½ per cent? The hide itself would make a dozen pairs of boots. The total percentage cannot be 8½.

Mr. BOIVIN: What I intended to convey was that under the old system of imposing a small tax on every transaction there was more pyramiding than there is under the system in force to-day whereby one tax only is charged on the manufactured article.

Mr. McGIBBON: But the minister said the final tax was 8½ per cent on the cost of the pair of boots. Absurd.

Mr. MEIGHEN: Yes, absurd.

Mr. LAPOINTE: It was absurd, but it was so.

Mr. BOIVIN: It was absolutely absurd to charge 8½ per cent on the cost of the boots, but that is what it amounted to.

Mr. MEIGHEN: Not at all.

Mr. McGIBBON: The first 1½ per cent would be probably on thirty or forty cents' worth of leather.

[Mr. Meighen.]

Mr. BOIVIN: Certainly, the tax on the first transaction was of course smaller than the tax on the last because it kept pyramiding all the time. Perhaps I should have charged the percentage of profit in each instance on the tax, but I have left that out of the computation, and to arrive at what I term the final pyramid I have only added the rates of taxation on the different transactions. Now I come to the sales tax on clothing manufactured in Canada. When the wholesaler sold his wool to the manufacturer of cloth there was a sales tax of 1½ per cent; when the cloth was sold by him to the wholesaler there was another 1½ per cent; when he sold it to the manufacturer of clothing there was another 1½ per cent; when he sold the suit of clothes to the wholesaler there was another 1½ per cent; and when he sold it to the retailer there was another 1½ per cent, making a total of 7½ per cent approximately on the cost of the clothing to the retailer.

Mr. MEIGHEN: Ridiculous.

Mr. BOIVIN: It may sound ridiculous now. It was wiped out because it was so ridiculous that the people of Canada would not stand for it any longer.

Mr. MEIGHEN: The same process will wipe out the hon. gentleman.

Mr. BOIVIN: Oh no, it will take a much more strenuous process than that to wipe out any hon. gentleman on this side of the House.

Mr. MEIGHEN: It is ridiculous.

Mr. BOIVIN: I merely bring this to the attention of the committee to show that the sales tax which is imposed to-day, large as it is, and liable to be pyramided as it is—

Mr. MEIGHEN: Hear, hear.

Mr. BOIVIN: I am willing to admit that the sales tax is liable to be pyramided to a certain extent; I do not think anyone on this side of the House ever said it could not and would not be pyramided under certain circumstances, but I say it is not nearly so bad to have one straight sales tax which the consumer knows he is obliged to pay and which is based upon the manufacturer's price of the goods. It is a hundred times better to have this tax than to have a sales tax of one and one-half per cent on every transaction, which was almost tantamount to a turnover tax. There are a great many things to be said in favour of a turnover tax, but if such a tax is to be imposed it should be a very small tax and should be imposed on all transactions. That is not what hon. gentlemen opposite did when they imposed their sales

tax which they said was only one and one-half per cent, but which in many cases worked up as high as seven and eight per cent.

I do not want to go into a discussion of the income tax at present, because I know I would be very properly called to order by the Chairman. To-morrow, I hope, the income tax resolutions will be before parliament, and it may then be my privilege to show the people of Canada that the old tax as it was imposed, was a very unfair tax, by which a great many people did not pay what they should pay, while others paid a great deal more than their fair proportion. But I will say that in connection with the income tax there are at least 35 per cent of the people of Canada who paid income taxes last year who will pay no income taxes this year, and for those people there is certainly a real reduction. I will say also that for those who are between $10,000 and $50,000 a year, it is only in the case where 50 per cent or more of those revenues are derived from the dividends of joint stock companies that there is any increase. When the figure of $50,000 is passed there is a decrease all along the line, but there is not the same proportionate decrease for the big incomes as for the smaller incomes. I am sure that if my hon. friends compare the figures they will admit that statement; they will see that this is really a poor man's budget, and that when this budget was introduced it brought a reduction in income tax to the man with the small income. The hon. member for Fort William smiles again; I know he is going to interject another remark, but before he does so let me tell him that of the $12,000,000 reduction in income tax over $6,000,000 is removed from the people with incomes of less than $6,000 a year. If that is not a poor man's budget I would like my hon. friend to tell me what is.

Mr. MANION: What about the 90 per cent of the people who never pay income tax at all?

Mr. BOIVIN: If my hon. friend wishes us to pay a bonus to those who never pay taxes, that may be good Conservative legislation, but I have yet to learn how we can reduce taxation to those who do not pay taxes.

Some hon. MEMBERS: Hear, hear.

Mr. MEIGHEN: It is always wise to do the applauding before the truth is revealed. I would suggest to the minister that if he really wants to relieve the poor—those for whom his heart as well as others bled some years ago; those who never get within striking distance of ability to pay income tax—the thing to do would be to reduce the sales tax. How is it that the government stand to-day with that tax 66⅔ per cent higher, while they reduced these other taxes and boast of having a poor man's budget?

Mr. BOIVIN: My right hon. friend is very familiar with the law; he knows it very much better than I know it, and he helped frame it. If he will take the Special War Revenue Act of 1915 as amended to date, even without the amendments of this year; if he will read sub-paragraph 4 of section 19 BBB he will find that everything required by a poor man, everything going into a poor man's budget and almost everything really a necessity of life, does not pay any sales tax at all.

Mr. MEIGHEN: The hon. gentleman, then, is the author of the theory that clothing is not necessary to a poor man, but an automobile is?

Mr. BOIVIN: The automobile pays sales tax.

The CHAIRMAN: Mr. Robb moves that section 6 be amended by adding thereto the following:

Apples, dried, dessicated or evaporated; goods enumerated in customs tariff item 105a.

Section as amended agreed to.

On section 7:

Mr. MEIGHEN: What does this do? Is carbonic acid gas a necessity of life, or what?

Mr. ROBB: This is removing taxation; it will be a loss in revenue of $28,000 a year.

Mr. MEIGHEN: What does this affect?

Mr. ROBB: Soda water.

Section agreed to.

Sections 8 to 11 inclusive agreed to.

Resolution as amended agreed to.

Resolution reported, read the second time and concurred in. Mr. Robb thereupon moved for leave to introduce Bill No. 115, to amend The Special War Revenue Act, 1915.

Motion agreed to and bill read the first time.

At six o'clock the House adjourned, without question being put, pursuant to rule.

Thursday, May 27, 1926.

The House met at three o'clock.

AGRICULTURE AND COLONIZATION

Mr. W. F. KAY (Brome-Missisquoi) presented the second report of the select standing committee on Agriculture and Colonization as follows:

Your committee recommend to the House that they be given leave to sit while the House is in session.

He said: By unanimous consent of the House I beg to move:

That the second report of the select standing committee on Agriculture and Colonization presented this day be concurred in.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I do not wish to direct any special opposition to this motion, but I think there are already just about enough committees sitting while the House is in session; there are more committees than House. I hope the precedent thus set will not be pursued very far.

Motion agreed to.

SADDLE LAKE INDIAN RESERVE

Hon. CHARLES STEWART (Minister of the Interior): With reference to the further inquiry yesterday of the hon. member for East Edmonton (Mr. Bury) with respect to the recent sale of Saddle Lake lands, it is now possible to answer two of the three questions to which definite answer was not given some days ago. The questions were as follows:

8. What were the names and addresses of the successful allottees and how many acres were allotted to each?

9. How many and who among the said successful allottees were at the date of the said allotment farmers actually engaged in farming operations in the district?

10. Have any of the said allotments been approved by the government? If so, which and when?

We are now in a position to reply to questions 8 and 10, but it will be necessary to obtain a special report from Agent Ostrander before reply can be made to question No. 9.

The answer to question No. 8 is as follows:

Joseph Gagnon, Brosseau, Alberta, 320 acres.
Edwin McPheeters, St. Paul, Alberta, 320 acres.
Joseph W. Beaudry, St. Paul, Alberta, 320 acres.
John Pratch, St. Paul, Alberta, 320 acres.
Arthur Fontaine, St. Paul, Alberta, 320 acres.
Alphonse Fontaine, St. Paul, Alberta, 320 acres.
Henri Fontaine, St. Paul, Alberta, 320 acres.
Antoine Fontaine, St. Paul, Alberta, 320 acres.
Oliver Bussieres, St. Paul, Alberta, 320 acres.
Flore-ida Charest, St. Paul, Alberta, 320 acres.
Fortunat Charron, St. Paul, Alberta, 320 acres.
Henri Charron, St. Paul, Alberta, 320 acres.

[Mr. Robb.]

Alphonse Turnul, St. Paul, Alberta, 160 acres.
Joseph Leroux, St. Paul, Alberta, 320 acres.
James Cormack, St. Paul, Alberta, 320 acres.
Ernest Belzil, St. Paul, Alberta, 160 acres.
Victor Tessier, St. Paul, Alberta, 160 acres.
Cyrice Lafrance, St. Paul, Alberta, 320 acres.
Charles Lambert, St. Paul, Alberta, 160 acres.
Joseph Parent, St. Paul, Alberta, 160 acres.
Alphonse Poitras, St. Paul, Alberta, 160 acres.
Donat Bougie, St. Paul, Alberta, 320 acres.
Napoleon Garneau, Legal, Alberta, 320 acres.
Elzear Tremblay, Legal, Alberta, 320 acres.
Frank Jakubik, Edmonton, Alberta, 320 acres.
Pierre Charron, St. Paul, Alberta, 320 acres.
Ed. LeBlanc, St. Paul, Alberta, 160 acres.

Question No. 10 may be answered by stating that the allotments as indicated above and reported by our agent have been approved by the department.

With reference to the return ordered at the request of the hon. member, calling for the production of copies of correspondence, documents, data, etc., in connection with this sale of Saddle Lake lands, some delay must occur in preparation of this return, as it will be necessary to obtain considerable of the information desired direct from Agent Ostrander, at Saddle Lake.

PEACE RIVER ELECTION

Hon. R. B. BENNETT (West Calgary): I beg to present the petition of James Arthur Collins of Chisholm, Alberta, praying that the House of Commons of Canada will investigate the conduct of the Chief Electoral Officer of Canada, the returning officer for the electoral district of Peace River, Edward Henry Sheppard, aforesaid, the deputy returning officer, Peter A. Robb, aforesaid, and such other officer or officers as may be necessary in connection with the establishment of a polling place at Brule Mines poll No. 4 aforesaid and the taking of, the counting and recounting the votes cast at such poll in the electoral district of Peace River aforesaid, and that such Chief Electoral Officer, returning officer, deputy returning officer or other officer or officers be directed to take such action as may be requisite and necessary to secure the return to the House of Commons of the candidate who secured the greatest number of votes cast by the electors of the electoral district of Peace River on the 29th of October, 1925, aforesaid, and for such other and further relief as may seem meet in the premises.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN NATIONAL RAILWAYS—LAND PURCHASES

Mr. FOSTER:

1. Has the property known as the Stephens property, on Dorchester street, Montreal, adjacent to the tunnel, been purchased by the Canadian National Railways?
2. If so, at what price and for what purpose?
3. Is it the intention of the Canadian National Railways to purchase St. Pauls church property and a number of other properties in the vicinity, for terminals?

Hon. Mr. DUNNING:

1. Yes.
2. (a) $550,000.

(b) For the protection of the interests of the Canadian National Railways.

3. No present intention.

CANADIAN NATIONAL RAILWAYS—TORONTO BUILDING

Mr. MANION:

1. Has any new agreement been made regarding the erection of a building corner King and Yonge streets, Toronto, formerly occupied by C.N.R.?
2. If so, with whom?
3. On what terms as to rental?
4. How many stories is the building to consist of, and how many stories are the government taking?

Hon. Mr. DUNNING:

1. No.
2, 3 and 4. Answered by No. 1.

SCHOOL LANDS

Mr. BLACK (Halifax):

1. How many acres of land have been set aside by the federal government for school purposes in each of the provinces of Canada?
2. What were the conditions under which the land was set aside?
3. What is the amount to the credit of each province on account of school lands with the federal government?
4. What amount has been paid by the federal government to each of the provinces to date on account of school lands?
5. What is the average amount received per acre in each province on account of school lands?
6. What is the approximate value of the school lands unsold in each province?

Hon. Mr. STEWART (Edmonton):

1. School lands are designated as such only as survey progresses. When provinces have been fully surveyed, it is estimated that the total acreage allotted for school lands will be approximately as follows: Manitoba, 7,993,600 acres; Saskatchewan, 8,421,100 acres; Alberta, 7,798,600 acres.

2. See Section 22 of the Statutes of Canada, Chapter 55, Victoria, 1872.

3. Manitoba, $5,840,489.21; Saskatchewan, $14,834,655.86; Alberta, $7,826,970.26.

4. Manitoba, $5,596,575.18; Saskatchewan, $10,384,483.21; Alberta, $6,724,069.73.

5. Manitoba, $9.76; Saskatchewan, $17.76; Alberta, $14.02.

6. Impossible to estimate even approximate value, as unsold school lands, even in surveyed territories, have not been inspected and valued.

PROTECTION OF ESKIMO

Mr. ROGERS:

1. In view of the great decrease in the Eskimo population of the Canadian Arctic and the marked increase in the Eskimo population of Alaska, U.S.A., and Greenland, Denmark, are any steps being taken to provide local medical service such as is being done in the countries named?
2. Are Royal Canadian Mounted Police posts generally established where new trading posts of importance are set up amongst the Eskimo of the Northwest Territories?
3. Are there any Indian agents amongst the Eskimo of Northern Quebec or Hudson strait and the bay?
4. If not, what protection can they obtain corresponding to the protection afforded the Eskimo of the Northwest Territories by the Royal Canadian Mounted Police?

Hon. Mr. LAPOINTE:

1. Yes.
2. Yes, as far as possible, up to the present.
3. No, the Department of Indian Affairs is represented by officers in charge of established posts of the R.C.M. Police.
4. Answered by No. 3.

WAR REPARATION CLAIMS—MR. JAMES FRIEL

Mr. DOUCET:

1. From what date has Mr. James Friel, advocate, been performing the duties of investigator of war claims?
2. What sums of money has he drawn from the public treasury during his term of office?
3. Of the total amount what was drawn as salary and what was drawn for expenses?
4. How many claims were heard and how many decisions were rendered?
5. What action has been taken following the decisions rendered?

Hon. Mr. LAPOINTE:

1. 11th July, 1925.
2. $11,015.92.
3. Salary, $7,258.06; expenses, $3,757.86.
4. 282 heard, 560 decisions made. These include cases heard by the late Mr. Pugsley.
5. No report has been submitted.

CHICOUTIMI HARBOUR COMMISSIONERS

Hon. P. J. A. CARDIN (Minister of Marine and Fisheries) moved that the House go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to incorporate the Chicoutimi Harbour Commissioners, and to make provision for the improvement, management and regulation of the Harbour of Chicoutimi, in the province of Quebec.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the House.

Motion agreed to.

RAILWAY ACT, 1919, AMENDMENT

Hon. CHARLES A. DUNNING (Minister of Railways and Canals) moved that the House go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to amend section 262 of the Railway Act, 1919, and to provide that the total amount of money to be apportioned and payable from any annual appropriation shall not, in the case of any one rail level crossing, exceed forty per cent of the cost of the actual construction work, and shall not, in any such case, exceed the sum of twenty-five thousand dollars.

He said. His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the House.

Motion agreed to.

BUSINESS OF THE HOUSE

MOTION FOR PRECEDENCE OF GOVERNMENT ORDERS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on and after Monday, the 31st of May, instant, and every Monday thereafter to the end of the session, government notices of motions and government orders shall have precedence over all business except questions by members and notices of motions for the production of papers.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I do not think the extra Monday which was promised private members has ever yet arrived. The budget debate, of course, had precedence on Mondays as on other days, and last Monday was a holiday. So far there has been no day available for the discussion of one or two important motions which I understood the government to guarantee. Personally I would not object if one more day were granted, and that, I think, was the understanding of the House.

Mr. MACKENZIE KING: As I recollect, the extra Monday was desired in order to afford my hon. friend from Toronto East Centre (Mr. Bristol) an opportunity to go on with a motion he intended moving, but I understand he has since decided not to proceed with it. The government has no desire to prevent any hon. member from going on with private motions, but most of the motions have been dealt with and there is a general feeling that we should get on with the other work of the session.

[Mr. Cardin.]

Mr. MEIGHEN: There are some private motions remaining to be considered. What the Prime Minister says does apply to the hon. member in question, but there are one or two others who would like to take up motions standing in their names. I would suggest that the motion stand until to-morrow so that we may have an opportunity of considering the matter in the meantime.

Motion stands.

INQUIRY AS TO PUBLIC BILLS

On the Orders of the Day:

Mr. T. L. CHURCH (Toronto Northwest): I would like to direct the attention of the government to pages 12, 13 and 14 of the order paper, on which appear public bills and orders. In these public bills and orders are a number of bills standing for second reading, including many matters of public interest and public importance. I wish to also direct the attention of the Prime Minister to the fact that I moved the second reading of Bill No. 2, to amend the Post Office Act, but the Prime Minister asked me to have the bill stand over, although I was prepared to go on. I want to ask the Prime Minister, is he prepared to carry out the bargain he made with me in that debate, and to give me an opportunity to move the second reading of this bill?

I would further draw his attention to the public bills on the order paper for to-day, on pages 12 and 13, standing in my name, under Orders Nos. 23, 24, 26 and 27. Is this a free parliament or not? Are private members to be prevented by the rules of the House from bringing in and going on with a bill? What are we meeting for? I would ask the Prime Minister if an opportunity will be given to give these bills a second reading, which will take only a very few moments, so that they can be referred to a committee. I would direct the Prime Minister's attention to the undertaking that was given.

Mr. MACKENZIE KING: I agree with my hon. friend that it is regrettable that the session has occupied such a long time. With respect to the public bills that he has mentioned, I think they will have to take their chance in the regular way. Any agreement that has been made with my hon. friend, though, with respect to any particular measure will be carried out.

RESOLUTIONS WITHDRAWN

On the Orders of the Day:

Hon. H. H. STEVENS (Vancouver Centre): I want to ask the permission of the House to drop from the order paper certain resolutions

which the Minister of Customs (Mr. Boivin) asked should be transferred from their proper place to another order, wherein they have remained in cold storage, from the time of their transference until the present moment, without any possibility of their being reached. As they are simply cluttering up the order paper unnecessarily and as there is no likelihood of their being discussed I would ask that they be dropped. The resolutions to which I refer are, on page 22, numbers 17, 18, 19 and 20, and on page 23, numbers 22, 23 and 24. I want to congratulate the minister on his success in preventing me from reaching these motions.

Mr. BOIVIN: They all came out in the committee.

Mr. CLARK: No, they did not.

Mr. SPEAKER: I understand that the hon. member for Vancouver Centre (Mr. Stevens) wishes to drop certain motions of his now standing on the order paper. In order to do this, according to the procedure of the House, a motion should be made that the hon. member be given leave to drop the notices of motion standing in his name on the order paper, being Nos. 17, 18, 19, 20, 22, 23 and 24.

Is it the pleasure of the House that the hon. gentleman shall have leave to drop those motions?

Motion agreed to.

QUESTIONS ANSWERED—DUPLICATES FOR MEMBERS

On the Orders of the Day:

Hon. R. J. MANION (Fort William): It has been the custom in the past when questions are answered to have duplicate copies handed at once to the members interested. At present this practice is sometimes followed but occasionally it is not. For example, a duplicate of an answer to a question of mine to-day was handed to me, but yesterday I could not get a copy of an answer that was given; I had to wait until to-day to read it in Hansard. I would suggest that the government insist upon all departments forwarding, for the convenience of members, duplicate copies of answers to all questions appearing on the order paper.

DISTRIBUTION OF DOCUMENTS AND REPORTS

On the Orders of the Day:

Mr. C. H. CAHAN (St. Lawrence-St. George): When members apply to the distribution office for documents and public reports, no copies of which are available there, may they receive such papers from the Printing Bureau free of charge or must they pay the cost charged by the bureau? I am quite willing to pay my share of any expenses incurred by the Printing Bureau in connection with documents procured there, but I think that when members of the House are required to consider bills, with respect to which necessary information is to be obtained only in public reports, they should be allowed to obtain those reports from the bureau. I have in mind Bill No. 8 now before the House, about which I know nothing. I wanted to read the report of the Royal Grain Inquiry Commission, and I sought also to obtain a copy of the Canada Grain Act of 1925, unbound. I cannot find these in the distribution office and on previous occasions, when I have applied to the Printing Bureau, I have received from them a bill for current reports. These reports and papers should be made available to members in order to facilitate the discussion of matters under consideration in the House.

Hon. J. C. ELLIOTT (Minister of Labour): Members have a right to apply to the distribution office for any documents they may require. These documents are distributed subject to certain regulations as to quantity and so on. I shall be very glad to make inquiries with regard to any particular matters that my hon. friend refers to, and perhaps to-morrow I may be able to give him a statement as to those.

Mr. CAHAN: Mr. Speaker, when I applied to the distribution office I was treated with great courtesy, but the officials told me that they have not these documents on hand and that I should apply to the Printing Bureau. When I applied there I was told that I would have to pay for them at certain rates, to be charged up against me. I am perfectly willing to pay my share, but still I think public documents of that kind should be made available to members who need them in their parliamentary work.

HUDSON BAY RAILWAY

On the Orders of the Day:

Mr. T. W. BIRD (Nelson): Mr. Speaker, I desire to ask the Minister of Railways if he intends to give the House an early opportunity to discuss the estimate for the completion of the Hudson Bay Railway?

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): Mr. Speaker, I am hoping to be able to deal with the estimate for the construction work on the Hudson Bay railway when the estimates for the Department of Railways and Canals are next before the committee of Supply.

INTERNATIONAL PARLIAMENTARY CONFERENCE ON COMMERCE

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, I wish to call the attention of the Prime Minister to a despatch from London which appeared in La Presse of the day before yesterday, and to found a question upon it. The despatch is as follows:

> Canadians in London are asking to-day why Canada alone among the dominions, and almost alone among all the countries of the world, is not represented at the Parliamentary International Conference on Commerce.
>
> All the great nations are represented there, and even countries like Afghanistan, Portugal, Luxemburg, Turkey, Honduras and San Salvador have their parliamentary or diplomatic representation. Australia has sent three delegates; New Zealand three, of whom Sir Thomas McKenzie, is one; South Africa one; and the Indias three. But Canada has no one.
>
> The reason given, in reply to questions put on the subject, is that Canada has nobody here who is able to represent the country officially. The Hon. E. N. Rhodes, Premier of Nova Scotia, ought to be the official delegate of Canada, but he sailed yesterday on the steamship Arabic to return home, and apparently there is nobody who is able to take his place.
>
> The first sitting of the conference is being held to-day at Westminster palace. It is proposed to discuss all questions relative to international companies, to bankruptcy, to agricultural credits and problems of urgency. The object is to elaborate plans capable of guiding countries which contemplate instituting a code of commerce.

I should like to ask the government if they can give us any information whether Canada is really represented or to be represented; and if not, why not?

Right Hon. W. L. MACKENZIE KING: Mr. Speaker, as I listened to the despatch read by my right hon. friend it sounded to me as though it was a well-intentioned bit of publicity for Mr. Rhodes. This I do not take exception to.

Mr. MEIGHEN: It is in La Presse.

Mr. MACKENZIE KING: Nevertheless it looks as though it was so intended. However, it is the first intimation I have had of the international conference referred to. I do not know that any invitation has been extended to the government to be represented. I do not know that it is an official conference; I am inclined to think it is not, but I will have this phase of the question looked into.

As to capable representation, there can be no doubt as to our having very many persons in London well qualified to represent Canada. I cannot think of anyone better qualified than the present high commissioner to represent our country at any international conference on commerce and I believe had he been invited he would have attended. I am inclined to think that the conference is of a voluntary character, not official and that those who are attending it are representing boards of trade and similar bodies.

BRITISH MARKET FOR CANADIAN CATTLE

On the Orders of the Day:

Mr. H. A. MULLINS (Marquette): Mr. Speaker, I should like to read a letter for the benefit of the Minister of Agriculture (Mr. Motherwell) and the Minister of Railways (Mr. Dunning)—

Mr. SPEAKER: Order. I must ask the hon. member to kindly base his question on the letter, but not to read it.

Mr. MULLINS: This is a letter from Lord Bledisloe, Minister of Agriculture in England. He has recently received one hundred steers from this country and is very much pleased with them. Lord Bledisloe was strongly opposed to the admission of Canadian cattle into the British Isles, but I asked him to try a hundred, and he adopted my suggestion. He has now written me a splendid letter of recommendation of Canadian steers, and he has also influenced a number of others to purchase Canadian cattle for grazing purposes in England. There is a wonderful market for Canadian cattle in that country—

Mr. SPEAKER: Order. I am sure the hon. member is coming to his question—he is steering that way.

Mr. MULLINS: Mr. Speaker, I wish to ask the Minister of Agriculture and the Minister of Railways if they are doing anything to secure tonnage for shipping cattle to the British market. There has been so much delay in this regard—

Mr. SPEAKER: Order.

Mr. MULLINS: I would ask those hon. gentlemen if there is any probability of putting the government merchant marine into this service.

Hon. W. R. MOTHERWELL (Minister of Agriculture): Mr. Speaker, I beg to assure my hon. friend that I have not charge of the merchant marine. Everything is being done that can be done to increase the amount of tonnage available for shipping live cattle to the British market. There are plans on foot that I hope will be completed at no very distant date.

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): Mr. Speaker, I cannot answer offhand in regard to the government merchant marine, but perhaps I may indicate to my hon. friend how information along that line can conveniently be secured. The special committee on Canadian National affairs is to meet to-morrow morning at eleven o'clock for the purpose of dealing with the merchant marine, and I feel sure from discussions which have already taken place in the committee that its members would welcome my hon. friend there, where he will have an opportunity to address detailed questions to the officials of the merchant marine regarding this matter. Possibly such a discussion would be helpful to him and to the Canadian cattle industry.

HOUSE PROTECTIVE SERVICE

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, in the Ottawa Citizen of last Friday, there appeared a sensational article headed, "Secret House sessions debate booze round-up." Since this article has been broadcast throughout the length of Canada, it affects very definitely each member of the House. It strikes me that the present situation is most unsatisfactory to all members, and I think it is even more unsatisfactory to the officials concerned. I should like to ask the government whether we may hope to have a statement with regard to this matter; and, further, whether in the meantime the government will state if what is contained in the final paragraph of the article referred to represents the position of the government:

> It is known that parliament hill claims exemption from ordinary supervision in such matters and that local officers charged with enforcement of the Ontario Temperance Act are forbidden admission to the precincts of the federal House in discharge of their duties.

Right Hon. W. L. MACKENZIE KING: I should say that this matter is one for His Honour the Speaker of the House to deal with rather than for the government. I understand the House and its precincts are under his Honour's jurisdiction.

Mr. WOODSWORTH: I think I am quite right in saying, Mr. Speaker, that a matter of this kind which reflects upon unnamed individuals in this House reflects upon the whole membership of the House of Commons. Some of us know the effects of charges of this character which were made some years ago in the Ontario House, and some of us think it quite right that we should ask for a public statement when a public charge of this kind is made in one of the leading Ottawa papers.

Mr. MACKENZIE KING: I quite agree with my hon. friend that a statement should be made, but I think the statement would come more appropriately from His Honour the Speaker of the House than from a member of the government.

Mr. WOODSWORTH: I am quite satisfied, if we get the statement. With regard to the second part, I should also think it would be a good thing to know if this House possesses what might be called extra-territorial rights.

Mr. SPEAKER: I had intended, when the reports from the Sergeant at Arms had been handed to myself, to call a meeting of the Board of Internal Economy, and then bring the question before the House. I may say at once that I do not take much stock, if I may use the expression, in the publication of the article which has been read by the hon. gentleman. I think I can claim without flattering anyone that this House is composed of gentlemen, and that there has been nothing sinister here since I have had the honour of being Speaker. But, of course, when something is published in the papers with headlines, people are liable to be frightened about the morale of this House, I therefore intended to bring this matter before the Board of Internal Economy and then report fully to the House.

Let me say, however, that it was to prevent petty thefts which had taken place in certain parts of the House that the visit which is usually made by the officers under the Sergeant at Arms was made on that occasion, with perhaps a little more care. I declare once more that from the reports I have received there is nothing reflecting on the honour of any member of this House, but I am bringing the matter before the Board of Internal Economy so that a full report may be published in the press in order to counteract the effect which may have been produced by the publication of the article in question in the Ottawa papers.

GENEVA CONFERENCE ON DISARMAMENT

On the Orders of the Day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): The hon. member for Winnipeg North Centre (Mr. Woodsworth) asked me a question yesterday, the answer to which I promised for today. The question is:

Was Canada invited to have a representative at the Geneva Conference on Disarmament? Was Canada consulted as to policy, and has the British representative, the Chancellor of the Duchy of Lancaster, been instructed to speak for Canada?

In answer I would say that the Conference on Disarmament has not yet been held. In September 1925 the assembly of the League of Nations requested the council to make preliminary studies with a view to holding a conference for the reduction and limitation of armaments. In December the council appointed a preparatory commission consisting of representatives named by each of the ten members of the council and by certain other members of the leauge specially interested by reason of their geographical position, namely, Poland, Jugoslavia, Rumania, Finland, Holland and Bulgaria. Invitations were also extended to three non-members of the League, the United States, Germany and Russia, and accepted by the first two. The meeting which is being held at Geneva in the present week is simply a meeting of this preparatory commission, on which Canada and the great majority of the other members of the league are not directly represented. The Chancellor of the Duchy of Lancaster, who is a member of the preparatory commission, represents the government of Great Britain, and has not received any instructions to speak for Canada. If it is found feasible to hold a disarmament conference in 1927, as is now anticipated, Canada, and all other members of the league, will doubtless be represented and our country will have an opportunity of setting forth its views.

Mr. MEIGHEN: Perhaps the Prime Minister would tell us what Canada has to disarm.

PETITION FROM SUMAS LANDOWNERS

On the Orders of the Day:

Mr. HARRY J. BARBER (Fraser Valley): I would like to draw the attention of the Minister of Justice (Mr. Lapointe) to a question I asked on April 27 concerning a petition from the Sumas landowners, asking that certain provincial legislation be disallowed. At that time I asked the Minister of Justice if such a petition had been received, and if the correspondence might be laid on the table. Since then a considerable time has elapsed, and I might also ask if the governor in council has reached a decision in this matter.

Hon. ERNEST LAPOINTE (Minister of Justice): I am glad my hon. friend has raised this question. At the time he made the inquiry I hesitated to give an assurance that the papers would be tabled, because I was not sure that it was proper to do so before I had prepared a recommendation to the Governor in Council in this matter. However, I see no objection to doing so now, and I think my hon. friend and the House are entitled to have these documents tabled, which I now hand to the clerk. With regard to the second part of my hon. friend's question, the matter is under consideration and no decision has been reached.

[Mr. Mackenzie King.]

CANADIAN NATIONAL RAILWAYS

DISCLOSURE OF CERTAIN INFORMATION REGARDING OPERATION

Mr. A. de WITT FOSTER (Hants-Kings): May I direct the attention of the Minister of Railways (Mr. Dunning) to Hansard of May 18, in which I asked a question regarding the purchase of an electirc line running from about Moreau street to Bout de l'Ile, from the Montreal Tramways Company or one of its affiliated companies. The minister pointed out that it was not in the public interest to give the price paid, but in view of the fact that in answer to a question asked to-day regarding a similar purchase, although not of a railway, the price is given, may I ask the Minister of Railways if it will be now in order to have the price given as a supplementary answer to that formerly given?

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): I will be very glad to get the information for my hon. friend. I may say by way of explanation that questions which have to be transmitted to the Canadian National must, of course, be perused by myself after they are returned from Montreal. The hon. member for West York (Sir Henry Drayton) raised a question at the same time with regard to capital expenditures which is, I believe, a proper point, but in connection with that particular question I must confess that it came in at the last moment and I did not go into it as thoroughly as I might have done. The question to which my hon. friend refers now was answered in part, and I will undertake to see that a supplementary answer is tabled giving my hon. friend the information he wishes.

WAYS AND MEANS

INCOME WAR TAX ACT, 1917, AMENDMENT

The House in committee of Ways and Means, Mr. Duff in the chair.

Resolved, that it is expedient to amend The Income War Tax Act, 1917, and to provide:—

1. That the amount of income exempted from the tax be increased to three thousand dollars in the case

of a married person or householder, or any other person supporting certain relatives as at present set forth in the act and to fifteen hundred dollars in the case of other persons.

Mr. WHITE (Mount Royal): I wish to make an appeal to the Minister of Finance in connection with the exemptions for dependent children. I have a letter here from a constituent in Mount Royal in the course of which he says:

I have a daughter who is over twenty years of age, who, unfortunately, cannot earn her own living on account of having the use of only the left hand from birth. I have to look after her, and I am not exempt for the $500 on her account.

It does seem to me that in a case of that kind where a child is incapacitated from birth from earning a living, the age for exemption should not be limited to eighteen years, but should be indefinite. It may be that in cases of that kind, if an appeal is made to the Minister of Finance, the exemption will apply only in the case of parents whose income is not in excess of, say, six or eight thousand dollars. But there is a germ of a fair case, it seems to me, in the circumstances I have referred to, and I would ask the minister if he would be good enough to give it his consideration.

Hon. J. A. ROBB (Minister of Finance): As my colleague the Minister of Customs and Excise (Mr. Boivin) has to do with the administration of the act and as he has given much time to the preparation of the measure now before the House, and understands the new regulations very much better than I do, I am going to ask him to answer any questions that are submitted to him by hon. gentlemen.

Mr. BOIVIN: In answer to my hon. friend from Mount Royal, I might say that the question which he has just submitted was very seriously considered, but it has been found practically impossible to give any additional exemptions to a married person on account of dependent children over the age of eighteen years. If an exemption were made for a case like that mentioned by my hon. friend, it would give rise to such a number of false claims which it would be impossible for the Commissioner of Taxation and the inspectors of taxation to investigate and approve that it was felt that in spite of the fact that in occasional cases there must be severe hardship, it would be better to adhere strictly to the rule making the age limit eighteen years. I would point out, however, that in the case of unmarried persons who have dependents who are relatives, to a certain degree, and in the case of widows and widowers having dependent children over eighteen years of age, the fact that they are obliged to support these dependents is taken into consideration in the act and they are placed in the same class as married persons, that is to say, they have an exemption of $3,000 instead of $1,500. It has been found impossible, however, to draw the line and define in an absolute way any exemption which could be granted to married persons having dependent children over eighteen years of age.

Mr. EDWARDS (Frontenac): How does the age limit in this case compare with the age in the case of fixing allowances for widows of soldiers? The amount of pension payable in that case depends to a certain extent upon the number of children under a certain age. Is the age limit in that case eighteen years, the same as in this?

Mr. BOIVIN: I am not familiar with the terms of the Pensions Act. I remember very well when the act was discussed in the House, but I cannot recall the exact age that it provides.

Sir EUGENE FISET: Eighteen years.

Mr. BOIVIN: Of course, in so far as pensions received under the Pensions Act are concerned, they are exempted entirely from taxation under this act.

Mr. ROSS (Kingston): May I draw the minister's attention to the fact that the age is not limited to eighteen if the child is attending school continually.

Mr. BOIVIN: My hon. friend is referring, of course, to the Pensions Act. That request was very strongly urged upon the government by the hon. member for Labelle, who pointed out that the age limit of children should be increased owing to the fact that a large number of parents kept their children in schools and colleges long after they had passed the age of eighteen, and that that was the very time in life when they were the greatest expense to their parents. There is a lot to be said in favour of that argument.

Mr. ROSS (Kingston): May I just draw the Minister's attention to the fact that in some of the provinces the parents are forced to keep the child in school up to a certain age, but not after eighteen?

Mr. BOIVIN: Yes, there may be some provinces where a system of compulsory education exists, but in no case does the age exceed eighteen years.

Mr. EULER: Has the minister considered the advisability of including amongst the ex-

emptions one that is not there now? I refer to the case of children who are beyond the adult age, have become permanent invalids, and are a charge upon their parents, perhaps a heavier charge than those who are not of adult age. It seems to me there should be an exemption in such cases.

Mr. BOIVIN: The same answer would apply to my hon. friend's question as to the question asked by my hon. friend from Mount Royal. There are very many meritorious cases where such an exemption should be granted, but it is so terribly difficult to control these cases and prevent fraud that the officers of the department claim it is absolutely impossible to provide for an exemption.

Mr. HANSON: Would the minister make a succinct statement in regard to the respective classes dealt with? Then we should be in a position to deal with the matter intelligently.

Mr. CHURCH: I think the time is opportune to urge upon the Minister of Finance that the exemption of $3,000 be raised to $5,000. In the city from which I come there are many working people whose earnings amount to $3,000 and they have to pay a double headed tax. They have to pay a tax on May 1, in full to the municipality and a tax to the federal authorities on the same date. So the first instalment of the municipal tax falls due on May 1, and the federal tax is payable about the same time. Possibly the payment of the federal tax might be deferred until a later period in the year as the double header tax is a hardship. Then as to the forms. They are so worded that it takes a Philadelphia lawyer to construe them properly and fill them out correctly. In my opinion the taxation forms could be greatly simplified like municipal taxation forms. There is another point to which I wish to draw attention. This tax was originally imposed as a temporary war measure. In the United States the exemption has been raised, I think, up to about $7,500. In Australia it has also been raised. Here it still remains at $3,000. The ability of the people to pay income tax on that amount has been greatly lessened by the decline in the value of the dollar. The Minister of Finance, a year ago said he would have a conference with the provincial and municipal authorities on the subject of taxation, seek to avoid double header methods and secure co-ordination. May I remind him that the municipalities, unlike the federal government, do not have an unlimited source of taxation. And yet there are enormous responsibilities placed upon them by the federal and provincial governments that do not properly come within their sphere.

In the province of Ontario, for example, the municipalities are required to maintain the registry offices, the gaols, the courthouses, and many other institutions, which should be obligations of the provincial government, more especially in view of the fact that the provinces receive a Dominion subsidy, under the British North America Act, for many of these purposes. In other provinces there are also burdens imposed of a similar nature. Had I been in a position to do so in 1917, I would have carried the question of the right to impose this income tax—which is distinctly a war measure—to the Privy Council. I had at the time the authority of five or six leading counsel in the Toronto district for the statement that this tax, which was levied as a war measure, was disinctly ultra vires of the federal parliament. It affects property and civil rights, a matter entirely within the purview of the provinces. It is too bad that the working classes of Canada should be subjected to this tax the legality of which is doubtful to say the least. This tax properly comes within the category of a "nuisance" tax. It bears with special severity upon those people who, although they earn $3,000, find it hard enough to live at present with everything at such a high cost. The worst feature of the matter is that many people in receipt of large incomes escape the payment of income tax altogether. They go over to England and are not subject to income there because they say their domicile is in Canada. In Canada they escape because they say they are domiciled in England, with the result that they escape in Canada and England as well. I know of three prominent Canadian citizens who are in receipt of an income of at least a million dollars and yet do not pay a cent of income tax in England or Canada. I should like to see this matter taken up on this side of the House. It should be dealt with by the "board of strategy. I do not know what has become of our board of strategy; I wish it would wake up and do something for the working classes. The Trades and Labour Council of Toronto have protested against this unjust taxation over and over again. I am sorry that more representatives of the working men in this House do not rise and protest against the double header tax. The hon. member for Winnipeg North Centre (Mr. Woodsworth) and his colleague, the hon. member for North Winnipeg (Mr. Heaps) are supposed to represent the working classes here, and why they

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do not take a firm stand on this question I do not know. I do not see them here to help the workingman get his just due. What about the so-called independent hon. member for Labelle (Mr. Bourassa)? He is supposed to be an Independent; he has no board of strategy over him to tell him what to do. Where does he stand in regard to this matter?

I want to protest on behalf of the working classes of the city from which I come against this particular tax, the form of tax, the method of collecting it on the very same day as the municipal tax, and the method of sending a bailiff or a federal officer to summon members of the working classes to the police court for non-payment. Many workingmen were summoned before His Honour Judge Cohen in Toronto to compel them to pay $5.47 in taxes. These men are, many of them, returned soldiers with children, and they are out of work. This tax is collected on the 1925 income and many of these men who had work in 1925 have gone to the United States or are out of work in 1926 and have not the means of paying this tax. There are other men in Christie street hospital to-day who in 1925 had jobs and are now taxed though out of work.

The present Minister of Labour (Mr. Elliott) has left the chamber. The former Minister of Labour said that he was a friend of the working classes of Toronto. Where does the Labour Minister stand in this particular matter and where does the government stand? The government was supposed to go after the big interests; they said that we were the party of the big interests. I serve no big interests in this country. I have suffered in the battle against the big interests and I am prepared to suffer again. Yet these same big interests are escaping their share of the taxes to-day. The Mail and Empire and the Toronto Star talk about taxes and the working classes. There are no two greater enemies of the Conservative party and the working classes than the Michigan-controlled Toronto Star and the Montreal-owned Mail and Empire, the biggest load the Liberal-Conservative party are carrying to-day in Ontario.

I am here pleading for $5,000 exemption for the under-dog. There are 30,000 men out of work in our city and I appeal to the Minister of Customs and Excise, who is a young minister, and to the Minister of Finance, who is not unfriendly to the working classes—the under-dog who has to pay this double-header income tax—to raise this exemption to $5,000. They should also restore to the municipalities their former exclusive privilege of collecting income tax which, under the British North America Act, has been the field of the municipalities from confedration to 1917, when the Union government, which I voted for but never supported and never would support, brought it in only as a war measure. The minister should now restore this tax to the municipalities to whom it belongs, and not invade a field of taxation that does not belong to them. Little or no revenue will come out of the $5,000 men; why not increase the exemption to that extent?

Mr. BOIVIN: The hon. member for York-Sunbury (Mr. Hanson) asked me to point out the dependents provided for in the act giving the taxpayer the additional exemption or the same exemption as married persons. There is no change in that; it is the same as in the present act. The exemption of $3,000, which was formerly $2,000, is given in the case of a married person, in the case of any person who has depending upon him a parent or grandparent, a daughter, or a sister, a son or brother under twenty-one years of age, or a son or brother of any age incapable of self support on account of mental or physical infirmity. Those are the exemptions which enable a person who is not married or who is a widow or widower to get the same exemption as the married man.

Mr. EULER: Why does the case which I cited not come under the clause which the minister just quoted? It is apparently included there.

Mr. BOIVIN: I understood my hon. friend to make the request that responsibility for a child over eighteen years of age, but owing to physical infirmity dependent upon his parents, should entitle the parent to have the same exemption as if the child was under eighteen years of age.

Mr. EULER: The minister read something that seems to include it.

Mr. HANSON: That is the case to which the hon. member for Mount Royal referred and it is a typical case of which examples have come before many of us. That case appeals very strongly to me and it ought to appeal very strongly to the government. The difficulties to which the minister has referred in dealing with cases and eliminating frauds have perhaps been exaggerated in his mind. I can imagine that people might attempt to put up a fraudulent claim such as the minister suggested, but such cases ought to be capable of demonstration. In the case of a man with a daughter who is an invalid over eighteen years of age, a certificate of a physician of good standing should be prima facie evidence and the taxpayer ought to receive

consideration. I have no doubt regulations could be framed which would meet the situation and do justice. I think at present injustice is done.

Mr. EDWARDS (Frontenac): What was the purpose in the first place of fixing an age limit of eighteen? I presume it was assumed that when a child reached eighteen years it had reached an age when it could look after itself and that up to eighteen years it was dependent upon its parents. If that was the assumption and if that is the reason why the age was fixed at eighteen, then the child who is physically defective and who may be twenty-five or twenty-six or thirty years of age is still a child and still dependent notwithstanding the fact that it has passed the age of eighteen. If it is reasonable to give the parent exemption for a child up to the age of eighteen years on the assumption that it is not able to take care of itself up to that age, if we want to be logical we should extend that in the case of children who have physical defects or infirmities which prevent them from earning their own living and keep them as a continual charge upon their parents. The minister will be well advised to incorporate that in this bill. If there is any case where the parent needs help it is in that of children who are suffering from infirmities which make them a charge perhaps for life upon their parents.

In fixing the age limit we should endeavour to aim at uniformity. There is an age limit in connection with military pensions; a widow receives a certain amount and so much for each child up to a certain age, and when the child reaches that age the pension is correspondingly lessened. I presume the assumption is that up to that age the child is not able to look after itself and must depend upon the parents. It seems hardly reasonable that we should fix in the one case a different age limit from that in the other. Let us have something like uniformity in the matter. I understood the minister to say that when there were dependents the age limit for exemption was twenty-one years.

Mr. BOIVIN: That applied merely to the son or brother. It marks the difference between the son or brother and the daughter or sister—the daughter or sister at any age and the son or brother under twenty-one, unless he is an invalid unable to support himself.

Mr. EDWARDS (Frontenac): I do not see why there should be any difference there. If the age limit for dependents is fixed at eighteen years in one case, why should it not be left at eighteen years all through so that it would be uniform? I do want to associate myself with hon. gentlemen who have appealed to the minister on behalf of those persons who, because of physical infirmities, remain children regardless of their age. Consideration should be given them.

Mr. EULER: As I heard the minister cite the section of the act it seemed to include all children, irrespective of age, if they were dependent on their parents. I am not clear on that point. There is a very grave injustice worked to a great many people. I know of many instances in which persons of over eighteen, indeed, persons of twenty and twenty-five, are entirely incapacitated and the father finds it a very real hardship to support such dependents without some allowance in respect of his income tax. Such a parent should receive the exemption, for in many cases it costs more to support these grown-ups than it does to keep a young child. While I appreciate the difficulty that may be encountered in framing the act in such a way as to obviate any possibility of fraud, I urge the minister at the same time to consider the justice of the case. Would the minister mind explaining in what respect the act does not cover such a case as I suggest?

Mr. BOIVIN: The section of the act to which I have been referring is not the one providing the exemption of $500 per child. It is that section which places the unmarried person in the same position as the married person by reason of the fact that, although, unmarried, he has dependents to care for. It increases the total exemption in that case from $1,500 to $3,000. The representations of my hon. friend from Frontenac appeal to the human instincts of every hon. member; certainly they appeal to the instincts of the Minister of Finance and of myself. The matter, however, presents serious difficulties from the standpoint of administration. To substantiate this statement I need only observe that when this act was introduced by the government supported by my hon. friend from Frontenac, this eighteen year age limit was incorporated in it without any provision for dependent "children" over that age. This was copied from United States and British legislation and, I am told, it was found by the officers of the department that in various countries where an attempt was made to provide especially for such cases as my hon. friend has in mind, it proved absolutely impossible to draw the line at such physical or mental infirmity as would render a person of greater age a charge upon his parents. In some cases a slight deafness is

considered a physical infirmity; the blindness of one eye or the loss of one arm unfits a person in some circles for any work. Among the poorer classes, means are devised by which such persons are enabled to earn their own livelihood, and as a matter of fact they not infrequently do so quite efficiently. No doubt there are cases in which the exemption should be granted, but it is feared that there would be so much recrimination as between the really deserving case, where exemption would be perfectly justified, and the numerous cases in which the applicants might not be entitled to exemption, that the responsibility placed upon the minister would be entirely too great. My hon. friend from Frontenac, referring to the Pensions Act, points out that a certain age limit is fixed therein, the needs of the widow being considered less after the child has reached that age. I may be mistaken, but I understand that no provision is made even in the Pensions Act for children who have passed a certain age but who nevertheless are still dependent upon the widowed mother because of physical or mental infirmity.

Mr. EDWARDS (Frontenac): I think you are right in that.

Mr. JACOBS: Has the minister considered the question of giving relief to the parents of children who are confined permanently in asylums for the insane, in which case there would be no cause for fear that fraud might be practised upon the government. I have in mind the specific case of a father whose wife and two children are permanently in the Protestant Hospital for the insane at Verdun. In a case of that kind no fraud could be perpetrated on the government as the statistics could be provided by the provincial government. In every case where a person over eighteen is confined in an insane asylum it seems to me that, on the presentation of a certificate from the institution to that effect, some relief ought to be afforded.

Mr. BOIVIN: There is considerable merit in the claim, but the hon. member will realize that in the case of children confined in an institution of that nature part of the fees are paid to the institution by the provincial government.

An hon. MEMBER: Not if the parents can afford to pay the fees.

Mr. JACOBS: I know of one individual who pays $60 a month for each of his relatives.

Mr. BENNETT: The parent pays in the west if he can afford it.

Mr. BOIVIN: I was under the impression that if the father was able to afford the fees he was obliged to pay them without any assistance from the provincial authorities, but I thought that there might have been provision for other cases. In such a case as my hon. friend suggests, fraud would appear to be impossible, but the matter will require consideration. It will be discussed with the experts of the department and inasmuch as compliance with the suggestion would mean a reduction rather than an increase in taxation, the amendment could be made in the bill without the necessity of introducing a new resolution.

Mr. MEIGHEN: Who are these illustrious experts?

Mr. BOIVIN: I am quite willing to tell my hon. friend. One of the experts is in the House at the present time. I refer to Mr. Breadner, who was appointed Commissioner of Taxation by the former government and who is a most excellent official. The other gentleman, who has been consulted concerning questions of this nature, is Mr. Russell. His opinion is sought in connection with all matters relating to tariff and taxation. The legal aspect of the bills has been submitted to the solicitors of the department of Customs working in the Income Tax branch under Mr. Breadner.

Mr. MEIGHEN: I was only anxious to get the minister's opinion of Mr. Breadner on record.

Mr. JACOBS: You wanted it in writing.

Mr. MacLAREN: I do not think that the suggestion of my hon. friend (Mr. Jacobs) is practical, that in the case of people confined in an insane asylum certificates could be produced for the purpose of giving concessions to their relatives. All insane cases do not go to asylums and the hon. member would experience some difficulty in putting his suggestion into practice. It might lead to further difficulty. It is clear to me that the suggestion cannot be carried out in that limited way. The insane are both in and outside asylums. It is perhaps hardly necessary to state that, but at the same time it is not possible to distinguish between disabilities, mental or otherwise, provided they are disabilities. I think the minister will finally come to the conclusion that the matter must remain as it is.

Sir EUGENE FISET: Mr. Chairman, during the period of the war we were dealing with separation allowances in the Militia department, we were meeting exactly the

same difficulties that the minister has to meet at the present time. The law then was so drastic that there was no way of dealing with special cases. Finally we had to amend the law—by order in council it is true, but under the War Measures Act that had the force of an act of parliament—and we organized in the Separation Allowance branch of the Militia department a special board. If the cases were extraordinary, power was given the minister by order in council to deal with them. I cannot see why there should not be a similar provision in the present law. Otherwise you cannot deal with these exceptions legally. During the war we had hundreds of thousands of cases, and they were all adjusted satisfactorily by means of that special legislation. I would therefore suggest that similar provision should be made in the act to enable the minister to deal with such special cases instead of referring them to the House of Commons.

Mr. MANION: It seems to me that the suggestion of the hon. member who has just taken his seat (Sir Eugene Fiset) would entail the appointment of another board, which would increase the expense of the collection of these taxes. But why could not such cases be dealt with in this way? The man or the woman responsible to make a sworn declaration as to the facts, and to be subject to severe penalties in case of fraud. It seems to me that would be a simple way of dealing with such cases without increasing the staff, for these are special cases and would not be numerous.

Mr. HAMILTON: Mr. Chairman, do I understand that a married man with no family is exempt from income tax up to $3,000?

Mr. BOIVIN: A married man with no family is exempt up to $3,000 if only one of the married couple makes an income tax return.

Mr. HAMILTON: If the combined incomes of the husband and wife do not exceed $3,000 they are exempt?

Mr. BOIVIN: Yes.

Mr. HAMILTON: Do you think that is fair? Do you think that any man who is in receipt of an income of $3,000 should not help to pay some of the taxes due to the war?

Mr. BOIVIN: I am inclined to agree with my hon. friend (Mr. Hamilton), but the hon. member for Toronto (Mr. Church) who spoke a few moments ago insisted that the exemption be made $5,000 for an unmarried person without a family. My hon. friend will see it is very difficult to please every hon. member.

Mr. HAMILTON: I have only my wife to take care of, but I do not feel that I should be exempt from income tax on a $3,000 income. I was one of those who gave my family to the war, but in spite of that I do not want to be exempted from payment of income tax on anything like that amount. It is too high.

Mr. CAHAN: Mr. Chairman, it is difficult to discuss our Dominion income tax law without having a copy of the consolidated act before one, but in the latest edition of Plaxton and Varcoe, who I think are officials of the income tax department, I find that the allowance for dependent children was introduced first by an amending act in 1918, and was limited to children under 16 years, but was extended by an amendment in 1919 to cover children under 18 years. In the definitions to the act as at present consolidated I find that "dependent child" means:

> A child under 21 years of age and dependent on his parents for support, or over 21 years of age and dependent on his parents for support on account of physical or mental incapacity.

It does seem to me that this definition might be applied to cover the suggestions made by hon. members who have preceded me. While I am on my feet I should like to ask a question with respect to another matter. Under clause 1 of the resolution it is provided:

> That the amount of income exempted from the tax be increased to $3,000 in the case of a married person or householder.

Is it proposed in the act itself to define "householder"?

Mr. BOIVIN: Yes.

Mr. CAHAN: So that will come up for further consideration under the bill to be presented?

Mr. BOIVIN: Yes.

Mr. CLARK: Mr. Chairman, what proportion of those now paying income tax does the minister estimate will be exempt altogether as a result of this legislation?

Mr. BOIVIN: The officers of the department inform us that the percentage of persons now paying income tax, and who will not be called upon to pay under this legislation, is about 35 per cent. It is very difficult to estimate exactly owing to the fact, as pointed out by the right hon. leader of the opposition yesterday, that there may be a very few

persons in the country not paying tax at the present time who will pay taxes under the amended act.

Mr. CLARK: That means that approximately 150,000 of our total population will be paying income tax next year. I should like to point out to the minister that our 9,000,000 people to-day are paying very heavy taxes upon the essentials that enter into their daily life. Yesterday the minister stated that as a result of sub paragraph 4 of section 19 BBB, there is nothing entering into a poor man's budget that pays any tax at all. I should like to ask him: Since when does the poor man require no clothing, no kitchen utensils, no furniture?

Mr. ROBB: Mr. Chairman, I submit that my hon. friend will be quite in order in discussing this matter later when the sales tax is before the House in the form of a bill, but if we are ever going to get through the session I would suggest that we keep to the question before the committee.

Mr. CLARK: The minister is justifying these reductions in taxation by stating that the sales tax has been removed from the necessities of the poor man.

The CHAIRMAN: Order. We are dealing with the income tax.

Mr. CLARK: Mr. Chairman, let me speak to the point of order raised by the Minister of Finance. In dealing with the section of the Income War Tax Act now before the committee it is necessary to deal with taxation generally, because this reduction is being justified by the statement made by the Minister of Customs yesterday that all taxes have been removed from the budget of the poor man. I am now suggesting that there is no justification for the action of the government in relieving that portion of the people of Canada who can pay taxation, before the poor man and the public generally are relieved of the very onerous taxation imposed by this government. That taxation, I suggest, consists of practically everything entering into a poor man's budget; it consists of his clothing; of everything that goes to furnish his house, his kitchen utensils, his furniture and his rugs; everything except his food. Let me tell the minister that there never was a sales tax on food, with some very minor exceptions, consisting chiefly of cereals. I suggest very strongly, Mr. Chairman, that I am in order in discussing this matter and that the government has adopted the wrong principle. They are relieving from taxation a very few people, while still imposing upon the people generally very onerous war taxes which, in my opinion, should be removed before the government commence to relieve that small section of the people who can afford to pay.

Mr. BOIVIN: I have no doubt that my hon. friend is quite well satisfied, since in discussing the point of order he has made his argument. Without going into a discussion of the sales tax I only wish to correct his quotation from yesterday's Hansard. He said I remarked that everything required by a poor man is exempted from taxation. He should have read the full statement, and he would have found that I spoke as follows:

> Everything required by a poor man, everything going into a poor man's budget and almost everything really a necessity of life, does not pay any sales tax at all.

Mr. CLARK: That is worse than my statement of what the minister said, and it is not correct.

Mr. BOIVIN: It is not worse. My hon. friend stated that yesterday I had said in this House that everything required by a poor man was exempt from taxation. I admit that, but I modified the statement by adding that almost everything that was a necessity of life was exempted from sales tax, and I repeat that statement.

Mr. CHAPLIN (Lincoln): What about boots and shoes?

Mr. HANSON: And cotton goods and clothing?

Mr. BOIVIN: The sales tax on boots and shoes has been cut by 50 per cent.

Mr. CHAPLIN (Lincoln): It is still 2½ per cent.

Mr. BOIVIN: Yes, and that is why I took the trouble to say "almost everything" that was a necessity.

Mr. CLARK: Will the minister enumerate the articles required by the poor man, other than food, upon which he does not pay sales tax?

The CHAIRMAN: Order. I must ask both the minister and the hon. member for Vancouver-Burrard (Mr. Clark) to keep to the subject under discussion.

Mr. BOIVIN: I do not want to discuss the matter further, since it was discussed in the House yesterday, but I think I am still in order when I say that whether or not the sales tax is reduced the poor man is getting the benefit of the reduction in income tax. The people who are exempt from taxation are those poor persons for whom an appeal was

made for exemptions. The persons entirely exempted from taxation under this act are those people having incomes of $3,000 and less. They are certainly not the opulent class, and not the multimillionaires.

Mr. HANSON: They are not the poor people, either.

Mr. BOIVIN: I am willing to admit that they are not the poorest people; but they never paid any income tax.

Mr. CLARK: They are in the class paying taxes.

Mr. BOIVIN: Yes, and one of the most important taxes they pay is the customs duty, which my hon. friend has always advocated very strongly in this House.

Mr. CLARK: They pay it in order to retain their employment in Canada.

The CHAIRMAN: We are getting away from the clause.

Mr. BOIVIN: I certainly admire the way, Mr. Chairman, in which you are endeavouring to keep both the minister and those asking questions to the clause under discussion, and I will not refer again to the tariff or the sales tax. I will merely say that there is a real reduction in income tax in the present legislation. Everyone will admit that, and if there are any hon. members opposite who claim that the reduction is too great, or who are in favour of having the income tax returned to its former figure, I should be very glad to hear from them. We will take the matter under consideration then, and if we find that a majority of the House is in favour of returning to the old taxation, there will be no objection whatever on my part to doing so.

Mr. HANSON: I invite the minister to return to the old system of taxation so far as the tax on dividends is concerned. He has done a great injustice to a certain class in the community by this change.

The CHAIRMAN: Order. We will come to that later on; it is another clause.

Mr. HANSON: The minister has issued an invitation containing a challenge.

The CHAIRMAN: Shall section 1 carry.

Mr. CLARK: In order that we do not miss the opportunity, I would like to ask the minister under which section of this resolution dividends received by the taxpayer are made taxable.

Mr. Boivin.]

Mr. BOIVIN: That will be under section 4.

Mr. CAHAN: Before this section passes I would like to call the attention of the minister to the fact that in chapter 25 of the act of 1918, clause (i) of subsection 2 of section 1 defines a dependent child, and that definition is still the law. Under it a dependent child is a child under twenty-one years of age dependent on his parent for support, or a child over twenty-one years of age dependent on his parent for support on account of physical or mental incapacity. Therefore under the law as it stands at present the income tax department are compelled to accept returns granting exemptions in respect of dependent children who are over twenty-one years of age, dependent upon their parent for support on account of physical or mental incapacity. I believe the minister referred to the law as it existed before the last amendment, and inasmuch as we have this definition on the statute book now I think, by way of suggestion, that the drafting of the bill should be made so as still to retain this definition of a dependent child, and if it is so drawn, it will obviate the objections which have been made by my hon. friend from Mount Royal and some other members of the House.

Mr. BOIVIN: In answer to my hon. friend from St. Lawrence-St. George, I would like to point this out: While he is quite right in saying that the old bill carried the definition of the words "dependent child," and that dependent child meant a son under twenty-one years of age, or, if the child was physically or mentally incapacitated, a child of any age —that is not the exact wording of the law, but that is practically the effect of it—it applied only to the dependent child, who gave the unmarried person the same exemption as the married person. If my hon. friend will refer to the old act, he will find that the $500 exemption was not given to the father or mother of a dependent child.

Mr. CAHAN: Quite so.

Mr. BOIVIN: The $500 exemption was given to the father or mother of any child under eighteen years of age.

Mr. CAHAN: Quite so, but I am simply suggesting to the hon. minister that if he should decide to carry out the suggestions which have been made, then by drafting his act so as to give this exemption in respect of a dependent child as defined in the act, he would carry out the suggestions entirely, in conformity with the plea of certain hon. gentlemen on both sides of this House.

Mr. BOIVIN: I now understand exactly the idea expressed by my hon. friend from St. Lawrence-St. George. It would be a way of getting over the difficulty if it was decided to adopt the suggestion of hon. members, and that matter will be taken under consideration.

My hon. friend from Fort William suggested a moment ago that it might be possible to obviate most of the difficulty by exacting an affidavit in support of every claim for exemption for the payment of income tax owing to the fact that one was charged with dependent children or a dependent relative as defined by the act. The suggestion is a good one, but unfortunately our experience both in the Department of Customs and Excise and in the Income Tax branch, where numerous affidavits are received concerning different matters, is, I am sorry to say, that in a large number of cases the affidavits cannot be depended upon. When the affidavits are checked up and the information is secured, it is found that in many cases the affidavits are not true.

Mr. HANSON: A few prosecutions might help.

Mr. BOIVIN: It is true that these persons should be prosecuted, and they are prosecuted in a great many cases, but they are only prosecuted when the fraud is discovered and it is sometimes a very difficult matter to discover the fraud. For that reason while the suggestion is one well worthy of consideration, and will be taken into consideration before the bill is brought before the House for its second reading, I do not think it would be a complete cure of the difficulty we have before us.

Sir HENRY DRAYTON: My hon. friend says that there are prosecutions. I have not been noticing any in the last two years for making false affidavits. I will make it four years—has there been one case in that time?

Mr. BOIVIN: Yes. The prosecution has not always been for perjury. I am not prepared to say that I can state any specific case where action was taken for perjury in connection with making a false affidavit, although there may have been some.

Sir HENRY DRAYTON: Not one.

Mr. BOIVIN: What is generally done is this: The departments do not want to usurp the functions of the crown prosecutors of the different provinces. The administration of criminal justice is confided to the provinces, and prosecution and punishment for crime should be left to the provinces. I did not say prosecutions had been instituted by us. The object of this department has always been to secure the collection of revenue. I can, if I will, at the next sitting of the House state to my hon. friend cases where four or five companies in the city of Montreal have been prosecuted quite recently for making false affidavits and false returns in connection with the sales tax. The Commissioner of Taxation tells me that there are several instances in his branch where prosecutions have been entered, not for the purpose of punishing a man for making a false affidavit, but for the purpose of securing the penalties prescribed by our own laws, and for the purpose of securing the payment of moneys which they were trying to evade by making these false affidavits.

Sir HENRY DRAYTON: I did not rise for the purpose of saying that this ought to be done or ought not to be done, but simply to correct a statement that I knew was incorrect. The minister agrees that those prosecutions have not taken place, and that I was correct.

Mr. BOIVIN: I would not like to go that far, though I will agree that my statement may have been misunderstood by my hon. friend.

Sir HENRY DRAYTON: The suggestion was that false affidavits were being made and that something should be done. My hon. friend said that it was being done. As a matter of fact, no prosecutions whatever have been taken by his department for the making of false affidavits, so the effect is exactly the contrary of what was stated. However, I do not think that is a matter of very much importance, except that it is a matter of some importance to have some correctness of ministerial statements even to-day.

We have now the estimate from the minister to the extent that people have been exempted up to 35 or 40 per cent. Suppose we put it at 35 per cent. If that is correct, we would now be left with 146,585 taxpayers in the country. Is that about the minister's estimate?

Mr. BOIVIN: According to the returns of last year, I would say yes.

Sir HENRY DRAYTON: Can the minister go a little further now and tell us just what that means in loss of revenue under that item, that is, the item having regard to the extension of the exemption from $2,000 to $3,000.

Mr. BOIVIN: It would be impossible to give my hon. friend the exact reduction due to the extension of the exemption. I can

give him, however, by classes the actual reduction which will be caused not only by the exemption, but by the exemption and at the same time by the reduction in rate. The reduction on incomes between $1,000 and $6,000 would amount to $5,113,852.19, according to last year's figures.

Sir HENRY DRAYTON: Will my hon. friend show how he gets at that?

Mr. BOIVIN: The estimate is prepared by the officers of the department. The tax paid at the present rates on those incomes would be $6,318,319.99. The tax which would be paid on the same income at the rates proposed under the new legislation would be $1,204,467.80, making the reduction that I have just given. It must, of course, be remembered that the tax paid at the present rate applies to incomes over $1,000 on the part of unmarried persons and $2,000 on the part of married persons. Under the amended act the incomes between $1,000 and $1,500 would be exempted in one case, and the incomes between $2,000 and $3,000 would be exempted in the other.

Sir HENRY DRAYTON: My hon. friend says that on that basis the taxation would be thus and so. What is the basis of assessment on which he strikes that new taxation?

Mr. BOIVIN: The basis of assessment is the new rate as compared with the old rate on the same incomes.

Sir HENRY DRAYTON: My hon. friend said he could not tell me how much would be lost by reason of the increase of the exemption. He could give what the total would be, but as to the loss by reason of the exemption he could not tell. I understand that is correct.

Mr. BOIVIN: I informed my hon. friend that I could not tell him offhand because I did not have those figures before me. I think it would be quite possible to establish in the department from last year's returns exactly what the amount collected would be if the exemption remained at the former figure. That could have been calculated, but unfortunately the calculation was not made and the officers do not happen to have it here.

Sir HENRY DRAYTON: Then we are on common ground; at the present moment that cannot be stated. Then my hon. friend said that under the old law we got $6,318,319. Applying the new rate to those figures he says the collections will amount to $1,300,000, if I remember correctly.

[Mr. Boivin.]

Mr. BOIVIN: The amount is $1,204,467.80.

Sir HENRY DRAYTON: What I want to get at is the figures my hon. friend used as the basis of his calculation which resulted in the $1,204,000, and we have not got that at all. You will find no basis at all when you get down to it, it is just a guess.

Mr. BOIVIN: I can tell my hon. friend this: The number of individual and corporate taxpayers paying income under $6,000 is 126,481.

Sir HENRY DRAYTON: That is right.

Mr. CHAPLIN (Lincoln): Under the income tax proposition the minister brings down we learn that there are about 300,000 people that have paid income tax in this country.

Sir HENRY DRAYTON: Two hundred and twenty-five thousand.

Mr. CHAPLIN (Lincoln): Two hundred and twenty-five thousand is the approximate number of those who paid taxes last year. Now the minister tells us that nearly one-half of that number, or over 125,000 have been relieved of income tax. Is that corect?

Mr. BOIVIN: No, we have relieved about 35 per cent.

Mr. CHAPLIN (Lincoln): I want to get the number that have been relieved of taxation by this measure.

Mr. BOIVIN: I am told that between seventy and seventy-five thousand have been relieved.

Sir HENRY DRAYTON: Thirty-five per cent will give you 78,000.

Mr. CHAPLIN (Lincoln): The Minister of Finance when he presented the income tax proposition said "We are reducing taxation all along the line."

Mr. BOIVIN: That is true.

Mr. CHAPLIN (Lincoln): When the minister said that, what kind of "line" did he refer to? There are 9,000,000 people in this country and about 150,000 are going to be taxed. The balance will not pay any income tax at all. What did the minister mean when he said that he had "reduced taxation all along the line"? If 75,000 people out of a population of 9,000,000 have been relieved of income tax, that is not a case of being relieved "all along the line." The other minister who is not now taking charge of this measure at the present time shakes his head, but it is beyond doubt that he said he was

reducing taxation, in so far as income is concerned, "all along the line." When the minister made this statement hon. gentlemen to my left pounded their desks like the mischief. Now those gentlemen believe in income tax, that is the way they want a revenue collected; and I must point out to my hon. friends that only 75,000 of those who were paying income tax last year are being relieved by this measure. And yet this government says "Look at what we are doing for the poor people of this country."

5 p.m.

Mr. BOIVIN: In answer to my hon. friend I merely want to say that when my colleague referred to relieving taxation all along the line—

Mr. CHAPLIN (Lincoln): Which line?

Mr. BOIVIN: —he was referring to the line of citizens in Canada who paid income tax. He might have gone further. He could have said that he had reduced taxation for everyone because that is the case as the result of other changes under the budget. However, I will refer only to income tax. My hon. friend was kind enough to remain there and I want to follow his example.

Sir GEORGE PERLEY: That is not quite correct, is it?

Mr. BOIVIN: It is correct except in one particular and just as soon as we reach that section, I will explain how it is that there are in Canada to-day a few persons—

Sir HENRY DRAYTON: A few?

Mr. BOIVIN: Yes, and I will prove that they are very few in numbers. There are in Canada to-day a few persons who will be called upon to pay more taxes under the new law than they were called upon to pay under the old law. I will admit at once that comparing the numbers of those who received exemption under the old law with the numbers of those who do not receive exemption now there are a large number of persons affected but there are very few persons who under the new law will pay more than they paid under the old.

Sir GEORGE PERLEY: Was the Minister of Finance justified then in making such a sweeping statement which was broadcast throughout the country?

Mr. BOIVIN: I think the Minister of Finance was perfectly justified in making that statement because there is no doubt there was a reduction all along the line except in those few particular cases where persons had been exempted by the former government from taxation upon part of the income received where they were not entitled to receive that exemption. Some may say that that question is a debatable one. Many of these arguments may be brought up; but I maintain in this House and I will maintain it on any platform in the country that a man who works eighteen hours a day in order to earn $10,000 should not pay one cent more in income tax than a man who does not do one tap of work and who receives $10,000 in dividends from the Canadian Pacific or the Bank of Montreal. If any hon. member on the other side desires to say that this principle is wrong and that we should not bring back to the same level of taxation, earned income and income derived from dividends, I am willing to debate the matter with him and leave the decision to the people of Canada.

Sir HENRY DRAYTON: The minister is getting into the habit of throwing out challenges. He seems to like it and I hope he enjoys it. He is also getting into the habit of raising false issues. That is not the question which my hon. friend should debate; the question to debate is this, and no one knows better than the minister: What is the justification for placing a double rate of taxation on capital that is useful to this country? What is the justification for having only one set of taxes on money that is in bonds and that assumes no risk and taxing at a double rate money that is affording employment in this country and doing something to develop it? My hon. friend well knows that is the issue. Why is it that the mortgagee can sit comfortably paying only one rate of taxation on his money while the shareholder who is doing something to build up this country pays two rates on his money? Everybody knows it is the shareholder's money.

My hon. friend knows that no other question has been raised by this opposition, but again there is this false issue to be raised. On the statement of the Minister of Finance out of a total collection of $56,000,000, $31,000,000 is subject to a double rate in every case where a Canadian happens to own the stock. Yet some hon. gentlemen say that there has been no increase. The thing is unthinkable. Do not let my hon. friend suppose that the issue is as to whether the man who works or not is to pay. The issue is whether money that is useful to the country, that is used to develop and to give work in the country, ought to have a double rate of taxation as against one rate on money invested in bonds, mortgages and the like.

Section agreed to.

On section 2.

Mr. BOYS: I do not know whether I rightly apprehend the effect of this clause or not. If I do it seems to me there is a somewhat serious discrepancy. I will try to make my point plain by taking the case of a husband with an income of $2,900. As I read the law he is exempted from taxation. His wife has an income of $1,400 and she is also exempt. The combined total of the two incomes is $4,300, all of which is exempt. If you take the case of a husband with an income of $1,600 and the wife also with an income of $1,600 they would get an exemption of $1,500 each or a total of $3,000, and the two together with a combined income of $3,200 would pay income tax upon $200 whereas in the other case the husband and wife with a combined income of $4,300 escape paying income tax altogether.

Mr. BOIVIN: My hon. friend is perfectly right. The law will work out in that way, but I would like to ask him this question. Why should a man and wife each having an income of $1,600 not pay income tax to this country when the man who is married but who is not separate as to property, and who has the same income of $3,200 is obliged to pay taxation upon it.

Mr. BOYS: I am merely pointing out inconsistencies which, by the use of the English language, it is easy to rectify. The minister should have his law so that there will not be any such discrimination.

Mr. BOIVIN: If the hon. gentleman will give me a method of rectifying that inconsistency I will promise at once that I shall be only too glad to make the correction in the bill.

Mr. BOYS: I bow at once to the superior knowledge of the minister in this matter and I think I might even say the superior ability of the minister to draft legislation. It is only necessary to point out to him, a clear-headed man, the discrepancy and he, with his expert officials, can easily devise legislation to rectify it. I have not the slightest doubt I could in half an hour draft a clause which would correct what is certainly a discrimination. I really felt that I was reading the law improperly because I cannot see the slightest justification for it. In the one case a husband and wife with an income of $4,300 are exempt from taxation and in the other case a husband and wife with an income of $3,200 have $200 of that taxed.

Mr. BOIVIN: The absolutely just and equitable method of taxation in the case of married persons would be to combine the two incomes and treat them as one. If my hon. friend wants to advocate that system and if the members of the opposition will support it, I for one am willing to embody it in the act.

Mr. BOYS: The minister is altogether too ready to shift responsibility to the group who should be governing the country, while trying to escape it himself.

Mr. BROWN: I made this very proposition two years ago, but I failed to get a single supporter among hon. gentlemen to my right; nor did I get very much support from hon. gentlemen opposite. I could not secure recognition for the principle that for purposes of taxation the income of husband and wife should be considered jointly. I am glad the government has gone a certain distance in recognizing this principle, although it has not gone as far as I should like.

Mr. KAISER: Earlier in the session I heard the hon. member (Mr. Brown) put forward this idea and I must say that I have never heard a more ridiculous proposition on taxation submitted by anyone. It showed an absolute lack of knowledge of the circumstances of those who have incomes that are taxable. I do not think it is fair for the government to penalize people who are trying to do the right and decent thing. Let us consider one or two hypothetical cases. Here is a man with an income of $2,500; he marries, and if his wife has no income he has no tax to pay. Again, a woman has an income of $2,500 of her own, and she marries. If her husband has no income, then no tax is paid. In either of these two cases the state gets absolutely nothing in the way of taxation. Now a man with a small income marries a woman who happens to have a little money of her own and they are both penalized. My hon. friend would have the wife pay taxation on her income although, as happens in nine cases out of ten, that money is a patrimony. Surely such an income should go to her children rather than be taxed by the state. Any decent man will try to support his wife and family on the income which he himself can earn, and what the wife has inherited should not be regarded as a taxable source of revenue. It seems to me that this clause ought to be dropped altogether.

Sir HENRY DRAYTON: The effect of the section is to temper the wind to the shorn lamb, the shorn lamb being the government. Perhaps the proper simile would be the wolf, but I will let it go at that. The

government are making the claim of having effected trenchant reductions in taxation, but the fact is that the whole idea of this legislation is to put the soft pedal on reductions: in the case of married people who are fortunate enough to have separate incomes the reductions will not be anything like what they appear to be. The bellicose Minister of Customs (Mr. Boivin) shakes his head. Well, suppose we get at the facts.

Mr. CAHILL: Hear, hear.

Sir HENRY DRAYTON: My hon. friend says "hear, hear." We ought to get some facts from him but we never do. However, "hear, hear" is better than the wild vituperation, divorced from fact and sense, which we used to get long ago. Take the case of the husband and wife who have a joint income of $5,000. If the exemption had been left as it stood before they would be taxed each $70, whereas under the proposed change they will be taxed $90 each. Is that correct?

Mr. BOIVIN: I think so.

Sir HENRY DRAYTON: The whole idea is to get more money while apparent reductions are made. Can the minister give us the number of people who will be affected by the change? How much more money will be collected as a result of the new proposal?

Mr. BOIVIN: To prove that the main object was not to get a little more revenue I may assure my hon. friend that we never took the trouble to estimate the number of married persons who were enjoying an exemption of $2,000 each, that is to say, married persons who were making separate income tax returns. Let me tell the committee just what we had in view. There are a great many married persons in the country who have no right to make separate income tax returns because they were married under the law of community of property. We felt that it was absolutely unfair to those persons to compel them to make only one return and enjoy but one exemption of $3,000 while others, much better off, made two returns and were exempted to the extent of $6,000. We deemed it only fair that every married couple should receive the same exemption, and if hon. gentlemen are of the opinion that some married persons should be exempted $6,000 and others only $3,000 I am prepared to listen to what they have to say.

Mr. BOYS: That is absurd.

Sir HENRY DRAYTON: What I said was —and I thought that the minister agreed with me—that the effect of this change was that whereas in respect of an income of a stated amount the tax payable by the husband and wife would be $70 each under the law as it stood before, it would now be $90 each. I understood him to say that this was right. That is all I have said. I pointed out that in view of this fact the reductions which the government claimed to be making would not be fully realized. These are the only two points that I have raised. Does the minister deny them?

Mr. BOIVIN: I resent my hon. friend's statement that this was an effort on the part of the government to reduce taxation on the one hand and on the other to endeavour to get a little more revenue by making an alteration in the act.

Sir HENRY DRAYTON: Are they getting it?

Mr. BOIVIN: I say the government did not have that intention and did not figure what the increase might be. In any event I would point out to my hon. friend that the decrease in the exemption is only from $2,000 to $1,500. He calculates it from $3,000 to $1,500.

Sir HENRY DRAYTON: Oh, no.

Mr. BOIVIN: Under the law introduced by the government of which my hon. friend was a member the exemption enjoyed by the husband and wife was $2,000. It is true that in some cases they both got the exemption. To-day the exemption enjoyed by each is $1,500. So the decrease in the most extreme case is only $500.

Sir HENRY DRAYTON: My hon. friend did not get what I said, and I am quite sure he did not make the mistake advisedly. My hon. friend said I was right before. Here is Mr. Breadner and he can check me if I am wrong. I said nothing as to the amount of the change, I gave the concrete figures which were wanted by an hon. member opposite. The minister said that the exemption of the husband and wife had been decreased $500. I said that under the proposals of the present budget, had the change not been made—that is, this change in exemption for married people—the rate each would have paid was $70, and that under the change the rate they will each pay will be $90. It is very easy for me to be told whether this is wrong. I think I am right.

Mr. BOIVIN: If my hon. friend takes into consideration the exemptions and the rates as provided by the present amendments, he is right.

Sir HENRY DRAYTON: That is all I am doing.

Mr. BOIVIN: My hon. friend should go just a bit further and figure out what the married man under the law of community of property with an income of $10,000 will be obliged to pay.

Mr. CAHAN: Mr. Chairman, there is no doubt that in the province of Quebec, where there is community of property in every case in which a marriage contract is not made and registered before the ceremony, there has been a differential rate against those married people living under the community of property law, and, as pointed out by the hon. member for Labelle (Mr. Bourassa) in the early stage of this discussion, that was a grievance that should be remedied. In remedying it the minister has really in effect imposed an additional tax upon married people who are not living under the community of property law.

Mr. BOIVIN: I desire to correct my hon. friend right there. I resent these statements continually made upon the other side of the House that we are increasing taxation. We are not, we are decreasing it. The example pointed out a moment ago by my hon. friend who is now leading the government—

Mr. MANION: Leading what should be the government, you mean.

Mr. BOIVIN: No. I do not mean that; I should have said: "who is leading the opposition"—

Mr. CAHAN: Mr. Chairman, I think I have the floor.

Mr. BOIVIN: I do not want to interrupt my hon. friend. I do not think he wants to be unfair, for of all the hon. members I know, my hon. friend generally is the fairest, especially to members from the province of Quebec.

Mr. MANION: He has to be; he gets his votes down there.

Mr. BOIVIN: Well, he is much fairer to the people of Quebec than is my hon. friend from Fort William on certain occasions.

Mr. MANION: I absolutely deny that. My hon. friend never in his life has heard me say anything unfair about the people of the province of Quebec.

Mr. CAHAN: Mr. Chairman, I feel that I have a right to interpose. I happen to represent a Quebec constituency, and therefore my attention is concerned with its affairs more directly perhaps than that of my hon. friend from Fort William. I am making no insinuations or suggestions. I am simply saying there is a grievance there that ought to be remedied, and in remedying it it would be wise to adopt a remedy which would not constitute another grievance on the part of those who are married, in the province of Quebec and elsewhere, separate as to property. Therefore I would suggest that there should be given an exemption to those living under the community of property law of, say, $4,000, leaving those who are married and separate as to property the right to claim exemptions as at present without reduction. You would thereby reach a fair basis and remedy what is a real grievance in Quebec.

Mr. BOIVIN: Mr. Chairman, I was diverted from the particular argument which I desired to interject. My hon. friend is apparently right, because we are, it is true, decreasing the exemption to the married person who is separate as to property, but we are not increasing the tax upon those persons. The reduction in taxation which accompanies this reduction in exemption makes the tax they pay to-day less than the tax they paid before.

Sir HENRY DRAYTON: That is true.

Mr. BOIVIN: In the example given by my hon. friend who is now leading the opposition—I want to make no mistake this time—

Sir HENRY DRAYTON: Fifty-fifty; you are doing pretty well.

Mr. BOIVIN: —the amount was perfectly right in so far as the difference is concerned between the $90 the man pays with the exemption as it is now and the $70 he would pay if the exemption had remained as it was. But what he did not state, and what I desire to place on record now, is that under the old act with the exemption of $2,000, each one of those two married persons would have paid $126 instead of the $90 they will pay now.

Mr. WOODSWORTH: Would the minister give us his objections to adopting the suggestion that the incomes of husband and wife should be united for the purposes of taxation?

Mr. BOIVIN: The principal objection I think would be that a large number of persons who have retired from business, and who have always lived under the regime of separation as to property, which is recognized by every other country in the world, and who are residing in Canada at the present time and paying taxes, would undoubtedly remove to foreign countries in order to evade the enormous difference in taxation that they

would be obliged to pay if their two incomes were combined for purposes of taxation. Where two persons have always had separate incomes, and where two persons would have that right in any other country, we feel that it would be wrong for us to combine the two incomes for purposes of taxation in this country. Not only would it be wrong in principle but it would tend to deprive Canada of a certain amount of revenue instead of increasing that revenue.

Mr. BROWN: If I remember rightly the statement was made two years ago that in England the incomes of husband and wife were considered as one for taxation purposes.

Mr. BOIVIN: I have not looked up the English law. I am not absolutely certain as to the practice in England, but the country with which our taxation must always be compared is certainly the United States, which is alongside of us.

Mr. BROWN: But in the one case it might be a question of fairness or justice or principle, and in the other—

Mr. BOIVIN: I said before that I did not see anything very wrong so far as the principle was concerned in making all married couples pay the same rate upon their joint income. I think that would be fair but it might not be to the best advantage of the country, and I also think our legislation must be based to a great extent upon similar legislation in the great republic to the south.

Mr. CHAPLIN (Lincoln): Will the minister use the same argument when we come to the dividend proposition?

Mr. BOIVIN: Yes.

Sir HENRY DRAYTON: Then you will change the law.

Mr. BOIVIN: Not at all.

Section agreed to.

Section 3 agreed to.

On section 4:

Mr. CAHAN: I would like to speak to the first part of clause 4. It seems to me fair and just that if these new rates are to apply to incomes as of December 31, 1925, there should be a further provision that under this scale no one should be compelled to pay a higher tax for 1925 than he would have paid if this legislation had not been passed. Many individuals will pay a higher tax for 1925, under this scale than they would have paid under the law in force prior to April 15, 1926, when this resolution was brought before the House. Many men, dealing with their incomes for 1925, apportioned their incomes and made their expenditures in accordance with the law as it then stood, and I am not in favour of bringing in a new act which will impose upon any individual by ex post facto legislation a higher tax, in many cases twice as high, as he would have paid under the legislation in force up to December 31, 1925. If the government brought in these resolutions and made a uniform reduction in the tax applicable to all persons who pay taxes for 1925, thereby making a corresponding reduction in the tax payable by each individual, this proposal might meet with the approval of the House. But as the bill stands I think it unjust; it will be resented by many people, and it should not be passed in its present form.

Mr. CLARK: I heartily support the hon. member for St. Lawrence-St. George (Mr. Cahan) and I suggest to the government that it is ultra vires of parliament to impose a tax on dividends received during 1925. Section 4 of the Income War Tax Act states as follows:

> There shall be assessed, levied and paid, upon the income during the preceding year of every person residing or ordinarily resident in Canada or carrying on any business in Canada, the following taxes:

That tax is upon income; it is a tax against the property of a person and not a tax in personal and a tax against property cannot be made retroactive. For instance, supposing the proposal was that we tax dividends received in 1890; there would be just as much justification for parliament passing an act of that kind as to tax the dividends received in 1925. These dividends were received last year and have been disposed of, and they therefore no longer exist, therefore there is no way by which a tax can be levied against property which is not in existence. If the tax were against a person it might be different, but since parliament is assessing the tax against property which is no longer in existence I submit, Mr. Chairman, that the proposal is ultra vires of parliament.

Mr. CHURCH: I would like to call the attention of the minister to the extent to which so-called Canadians go to the Old Country to escape paying taxes. I know one gentleman who lives in Toronto but who has now gone to the Old Country; I will give his name privately to the minister. He has an income of $1,000,000; he pays no taxes in Toronto, no income tax in Canada, and he escapes the British tax as well.

They are dodging the tax collector in Canada, and they dodge the tax collector in the Old Country. I would suggest an amendment to clause 4 to the effect that every Canadian be presumed to be a resident of Canada until he proves to the contrary. In other words, put the onus on the said Canadian. The workingman in this country has a tax collected on his real estate, and on his income, and he has to pay his taxes even if he is out of work. We have been told that the party on this side of the House is the creature of the big interests. Strange to say I heard the Prime Minister read a remark of that nature in his Massey Hall speech, and I understand that he made it at several other places during the last campaign. I do not think anybody who is in favour of the big interests would want to amend this clause so as to take care that wealthy Canadians who go over to the Old Country shall not escape both the Canadian and the British tax collector.

I see my young friend from St. Lawrence-St. George here to-day. I might refer to a remark he made the other day about the Hydro-Electric in relation to taxes applied to corporations or joint stock companies. He is very fond of pleading the case of the joint stock companies and the big interests, but what has he to say for the working classes in the city of Montreal who are paying these heavy income taxes? He said the other day in this House that he did not believe in the hydro-electric movement in Ontario getting off from the payment of taxes. Does he know they do pay huge taxes? The hon. member for Mount Royal and the hon. member for South York, two colleagues who sat together in the old Hamilton school, sit together also in this House of Commons, one a supporter of public ownership and the other a believer in private ownership, and I can say to the hon. member for St. Lawrence-St. George that he did not know what he was talking about when he said that the Hydro-Electric in Ontario does not pay taxes. The Hydro-Electric pays municipal taxes of various kinds. They paid thousands of dollars in taxes to the city of Toronto and four to five millions in customs duties and taxes to the treasury of this country for the Chippawa development. The hydro-electric movement in Ontario is paying taxes just the same as power corporations under private ownership in the city of Montreal are paying taxes to-day. There are no dividends in the hydro; they operate at cost. We are supposed to be the Conservative party in this House, and I was sorry to hear a gentleman on this side, the hon. member for St. Lawrence-St. George, speak as he did of the hydro-electric movement in Ontario which he does not understand. He does not know what he is talking about when he says that the Ontario Hydro-Electric pays no taxes. He has never read the statutes or he would not have made the statement he did.

I think it is pretty nearly time, Mr. Chairman, that the Minister of Finance and the Minister of Customs should devise some method of lightening the load on the working classes who are to-day paying these very heavy taxes. The government used to have an office in Toronto on Lombard street, in the old post office, where this tax was paid by the smaller man, often not by cheque but in cash. Unfortunately many of the working classes have no bank accounts to-day, under the economic laws of this government, and they cannot pay by cheque. Then the government removed the tax collecting branch to Wellington street, where new offices were fixed up, and where the working people would have to line up and pay in their five and ten dollars of taxes. After spending all that money down there, the government never even used the offices on Wellington street, but made a right-about turn, and quick march they went back to the Lombard street post office, after wasting all that money. The government is receiving $56,000,000 from this particular tax, and of that $24,000,000 or $25,000,000 comes from the province of Ontario, which is paying 47 per cent of all the taxes of this country.

My hon. friend from Lisgar talks about the income tax being continued. I should like to know how much income tax he pays, or the farmers of the country—little or nothing. I do not see my friends the Labour members from Winnipeg here when any practical questions for the benefit of the working classes are being discussed in this House, but they are always here when something of an academic nature comes up, as is also the so-called Independent member for Labelle. What are their views on this question of the heavy taxes that are paid to-day by the working classes? Let us be just, fair and equitable to all in our taxation laws, and let us be fair, just and equitable in the enforcement of this law. We allow the millionaires to go and live in the Old Country and escape Canadian and British taxes. They remind me of Sir Henry Thornton, and King Solomon in all his glory never could equal him. These millionaires go over to the Old Country and evade paying their just taxes in this country, and they also escape them in England. Under the Nickle resolution we cannot give them any titles in this coun-

try, so they go over to England to escape paying their taxes here, and as I say, they avoid them over there as well and get a title thrown in, while the working classes of Canada have to go on paying the taxes. But there is a day coming for the common people of this country, and the quicker our right honourable board of strategy wakes up over here and does something practical for the working classes, the better. Who are the board of strategy? I would like to know what taxes they are paying compared with the taxes that are being paid in the city from which I come. It is unfair. This field of income taxation was invaded by the Minister of Finance in 1917—

Mr. ROBB: The then Minister of Finance was a resident of Toronto.

Mr. CHURCH: So was the high commissioner. From confederation down to 1917 income taxation was the exclusive field of the municipalities, until the government of Canada invaded this field in that year and established as a war measure an income tax. This double-header tax is unfair to the working classes. I plead with the Minister of Finance to adopt some amendment to this clause that will prevent wealthy Canadians from going over to the Old Country and escaping the payment of tax while the rank and file have to pay a double-header tax.

Mr. CAHAN: I should like to make just one remark in reply to my hon. friend, if I may be allowed. If he were residing in the province of Quebec and were as anxious to promote the interests of the workingmen of Quebec as he is of the province of Ontario, he certainly would not support a measure or an act under which every industrial town and city in the province of Quebec, through every user of light, contributes hundreds of thousands of dollars of taxes to the federal treasury by way of income tax levied on these corporations—a tax from which every town and village almost in the province of Ontario is exempt, and from which every workingman or other man or woman who is a part of the population of that city or town in Ontario is exempt. There is an injustice there. It cannot remain forever. It is not an injustice for which this government is responsible. Other governments are responsible, but it is a grievance that rankles throughout the province of Quebec, and one that must be remedied on some occasion, at some time, and under some amendments to this law. My hon. friend says I am ignorant about conditions in Ontario. I confess it, in many respects. I do not profess to know the details of their municipal taxation, but this I do know, that the Hydro-Electric Commission of Ontario, which does the work in that province that is done by private utility companies in Quebec, does not pay one cent of federal income tax, and that our utility companies in Quebec do pay—to the extent in one case of $700,000 a year, and lesser amounts in the case of others. There is an injustice there, and on every occasion when income taxes are brought up, either by one government or by the other, I shall take the opportunity of presenting this grievance, because it is a real one.

Sir HENRY DRAYTON: Before six o'clock is called I ask my hon. friend the minister to seriously consider what has been said in connection with dividends already distributed. I admit at once that so far as the individual is concerned it is no harder on him there than increased taxation is on any of his income, not a bit; it makes no difference one way or the other. But my hon. friend knows that we have companies—and I am not now referring to merely the personal company; to whatever my hon. friend does in that case I say God speed; I refer to legitimate holding companies—which have already distributed dividends on the basis of the former taxation. Now as to these dividends which have been distributed let me give this case for example: Company A distributes its dividends. They are not at all affected because so far as they are concerned there is a reduction from 10½ to 9 per cent—they are not hurt. But they pay this dividend to holding company B, and holding company B distributes the whole amount which it has received to its shareholders. That is a case which I really think ought to be covered. I think that what the hon. member for St. Lawrence-St. George has said is absolutely right in that connection, and I would ask my hon. friend to think it over during the recess between six and eight o'clock.

Mr. BOIVIN: I am ready to answer my hon. friend on that point at once. There is a clause in the bill which is not provided for in the resolution; it is not necessary because it is a reduction and not an increase, as my hon. friend understands. Under that clause there will be no triple nor quadruple taxation on dividends. All dividends will pay that nine per cent and pay it only once; and all dividends transferred from the original company to the holding company, and from the holding company to perhaps a second holding company, and from that to the shareholder, will not be taxed again.

Sir HENRY DRAYTON: Only the shareholder in the original company.

Mr. BOIVIN: Only the one dividend. I want to thank my hon. friend the member for St. Lawrence-St. George (Mr. Cahan) for the able argument he has just made in favour of our contention that dividends should pay the same taxation as other revenue. He has just argued very strongly that the light, heat and power companies of the province of Quebec are obliged to charge higher rates than the hydro-electric commission of Ontario, and he says it is because the comsumers are obliged to pay taxation which they in turn pay over to the Dominion government. He substantiates the contention of the government that all incomes of equal amount should be equally taxed, and that the taxes paid by corporations are considered by most all of them as overhead expense which should be paid by the consumer and not by the shareholder.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. CAHAN: I would like the indulgence of the committee for a moment while I make a few comments upon the remarks of the Minister of Customs and Excise in reference to my position. I conceive that there is a great difference between a public service utility company whose rates are subject to a public commission appointed for that purpose and an ordinary commercial company. Take for instance, a tramway company in Montreal. Its rates are governed by a public service commission and that commission in fixing rates must necessarily take into consideration the fact that a portion of the income of that company is diverted by means of the income tax into the federal treasury. Therefore the rates are fixed so as to allow of a certain dividend upon its shares or the capital stock invested, payment of interest upon its bonds, and also the approximate amount which is collected from the company under the income tax by the federal government. But that company in such a position necessarily takes from its patrons, or in a similar situation a lighting and power company would take from the users of its light and power, a higher rate in order to cover the income tax collected from it. That is the distinction between a public service utility company such as those we have in Quebec, and a public service utility commission such as the Ontario Hydro-Electric Commission. Under the Ontario system the hydro-electric commission has not to provide in its rates for light and power that extra amount which is taken out of public utility companies in Quebec simply by reason of the fact that they are privately owned. A great injustice is done because every user of light and power in Quebec is necessarily charged a higher rate in order to enable public utility companies to make their contribution under the income tax to the federal treasury.

Mr. CHAPLIN (Lincoln): I saw in the Montreal papers the claim made that light and power was being sold there for less than it was in Ontario. How does the hon. gentleman explain that?

Mr. CAHAN: That may be so. In my experience a privately-owned public utility company is operated and managed on so conservative a basis as compared with those publicly-owned that in many cases it is able to give a lower rate for its service than publicly-owned utility companies can. But my point is, in reply to the Minister of Customs, that a public utility company is in an entirely different position from an ordinary commercial company. The Minister of Customs said that because I made my argument in respect of the public utility company I thereby admitted that the ordinary commercial company raised the extra amount from its clientele and that its shareholders had no interest in the extra amount so raised. The ordinary commercial company is in open competition with the world; it is framed on the basis of a partnership; it is a limited liability company. The privately-owned commercial company is simply a partnership of its individual shareholders who have, it is true, certain corporate rights and a certain limited liability, but its shareholders are entitled to the profits of the company in the proportion in which they own shares in it. The company is theirs; the profits are their property; they have no public service commission to whom they can go and ask that they be allowed a monopoly on the market and that as a monopoly they should impose higher prices for their commodities than ordinary market prices. Therefore they are in an entirely different position, and when you tax first by 9 per cent the profits of the company you are taking that 9 per cent, or practically the equivalent of 9 per cent, from the pockets of the individual shareholders. When upon the remainder of the profits you charge the individual shareholders an income tax you are thereby imposing a double taxation upon those shareholders.

In this country, and I think in almost every other country which imposes an income tax, it is clearly recognized that double taxation should be avoided. It should be avoided particularly in Canada where we need very large investments of money in corporate enterprises of that kind, privately-owned, in order to provide for the ordinary commercial and industrial activities of the country. When you impose double taxation of that kind in Canada as against Canadian companies you put a premium upon the investment of Canadian funds in foreign enterprises abroad and you also put an obstacle in the way of securing the investment of foreign capital in commercial and industrial enterprises in this country. I do not think I need labour the point; I am presenting it to the government simply as a material and relevant consideration that affects our whole commercial and industrial prosperity and that should therefore be carefully considered before such double taxation is imposed under these resolutions.

Mr. CHURCH: I claim the same right to debate this question as the hon. member for St. Lawrence-St. George (Mr. Cahan), namely, the taxation on joint stock companies and the companies of which the hon. member speaks. I can tell the hon. gentleman that the Hydro-Electric pays taxes. There are no dividends to pay under the hydro-electric movement; the dividends go back to the consumer in cheaper rates.

The more the hon. member talks about the Hydro-Electric the less he knows and the less he knows the more he chatters and talks. The Hydro-Electric in Ontario is paying taxes mixed up in rates directly and indirectly. The hon. gentleman is talking about $700,000 collected from Quebec companies under clause 4 of this particular resolution. How much in dividends do these companies take out of the consumers there who get service at cost in Ontario? There are no dividends to pay in the hydro. It has saved the people of Toronto $32,000,000 in fifteen years, money which would have gone into dividends under private ownership which the hon. gentleman is so fond of sponsoring in this House. It is the people's own movement for cheap light and power for the people of the province at cost. The people of Ontario have taxed themselves to the extent of $262,000,000 to free the province of Ontario and give them control of their own water-powers which now belong to the people forever. It is their heritage—not that of a few. All the money spent is revenue producing; it pays interest and fixed charges, and the balance goes to reduce the cost of light. The rates for both domestic and commercial light have been cut in two and three. The hydro pays certain municipal taxes, gives a better service at cost, carries the boon of cheap light and power and improved transportation to the door of the toiler and farmer reciprocally. The hydro rates are the lowest in the world and less than those of Quebec. The publicly-owned companies pay taxes the same as the private ones. The water-powers of the province should be under the control of the province for posterity and not be handed over to a lot of self-made multimillionaires in the United States whose interests the hon. gentleman apparently seems to have sometimes at heart.

What the hon. member for St. Lawrence-St. George has to say about the hydro-electric movement in Ontario reminds me of the time when, in the province of Nova Scotia under Mr. Fielding and other premiers, with the hon. gentleman sometimes in the House, the water-powers and other resources of the province were given away like so many presents handed out by Santa Claus at Christmas time: Fisheries, timber lands and various other concessions were lavishly given away in that province during the time the hon. gentleman was himself a member of the provincial legislature. I think he ought to be fair in discussing this question as it affects Ontario. The hon. member stands up in this House in defence of private interest, but he is not so ready to defend the principle of public ownership and the conservation of the public domain for the people. As a matter of fact it has been the invariable practice of gentlemen representing the constituency of St. Lawrence-St. George, whether Liberal or Conservative, to attack public ownership in every respect, and the hydro-electric movement of Ontario has not escaped. Let me inform the hon. gentleman that Ontario is paying a very considerable sum in taxes in one direction or another. As the hon. member for West York (Sir Henry Drayton) knows, for he was an able power controller, the Hydro-Electric people of that province paid some four or five million dollars in customs duties on machinery imported from the United States for the Chippawa, while private ownership was spared in many respects.

The hon. member for St. Lawrence-St. George a month ago attacked the hydro movement in Ontario and said they paid no taxes, without having the slightest information on the subject. He has not studied the hydro-electric or the municipal acts at all, and yet he undertakes to say the hydro pays no taxes. I am afraid that there are very few supporters of the movement in this House on either side. The hon. member is ap-

parently of opinion that whatever is wrong with the National Railways is to be attributed to public ownership whereas private ownership is to blame entirely; and he advances the same argument in connection with the hydro-electric enterprise. Fortunately the hydro enterprise is not political in character. There is no politics in that movement such as we find in connection with the National Railways. Public ownership is not responsible for anything wrong so far as the Grand Trunk Railway is concerned. The Grand Trunk Pacific, the Canadian Northern and these other roads were built under private ownership and failed, so that it is altogether beside the point for anyone to criticize public ownership for the condition in which the National Railways may find themselves today on account of these roads. I know very well that a good many hon. gentlemen in this House would destroy the National Railways if they could. He talks of rates and makes comparisons.

The CHAIRMAN: I must ask the hon. member to adhere more closely to the subject matter.

Mr. CHURCH: I will. I have great respect for you, Mr. Chairman, and I bow to your ruling, but I do not see why the hon. member for St. Lawrence-St. George should be allowed to make similar comparisons in discussing this question, if I am not to be at liberty to draw any illustration from the Canadian National Railways as I am doing. The hydro-electric movement of Ontario has resulted in cheaper light and power to the people of that province. We find that in Hamilton the rates for commercial purposes are one-third of those charged in Rochester and Buffalo. Who gets the dividends? They go back into the pockets of the working classes in dividends in power at cost. When this movement was first inaugurated in the province, coal oil lamps were in use everywhere; to-day every workingman can afford electric lights. When my hon. friend from St. Lawrence-St. George is attacking the hydro movement I might ask him this question: How much watered stock is there in this concern such as we know exists in the capital of private companies for whose welfare hon. gentlemen in this House show so much concern? I stand for public ownership and I am going to say right now that every time the hon. gentleman gets up and makes a speech attacking the hydro movement of Ontario I am going to make a speech too in its defence. I would observe by the way, that the Conservative party owes a great deal to the hydro movement in Ontario, for 85 per cent of the representation on this side of the House in the last parliament came from Ontario. The people of that province who are solidly behind the hydro and expect the members whom they return to parliament to protect its interests.

Mr. CAHAN: As a matter of privilege, Mr. Chairman—

Mr. CHURCH: I am not through yet.

Mr. CAHAN: Mr. Chairman, I rise as a matter of privilege simply to say that the hon. gentleman, as we all know—

Mr. CHURCH: That is not a matter of privilege.

Mr. CAHAN: —has somewhat defective hearing. Consequently he has not understood my remark; otherwise he has entirely misrepresented it, because I have made no attack whatever upon the Hydro-Electric Commission of Ontario, not the slightest. The people of Ontario are at perfect liberty to have any form of public ownership they please.

Mr. CHURCH: Mr. Chairman, I rise to a point of order.

The CHAIRMAN: Order.

Mr. CAHAN: Therefore I hope that tomorrow when the hon. gentleman is in a somewhat saner frame of mind he will read what I have said and will feel that he owes me a public apology for the criticisms he has directed against me. With regard to the province of Nova Scotia, the hon. gentleman's remarks indicate a very grave ignorance of conditions there. They have public ownership of waterpowers in that province to-day, and his remarks certainly have no relevancy whatever to conditions there.

Mr. CHURCH: That is not a point of order, it is a private ownership sermonette. The hon. member is breaking the rules of this House himself. I want to say to him that when there are no representatives present in this House from the province of Ontario he may be able to get away with it. I read his remarks in Hansard a month ago—

The CHAIRMAN: Order.

Mr. CHURCH: Mr. Chairman, I am going to abide by the rules of the House and discuss the resolution. I am perfectly in order. The concluding paragraph of this resolution states:

> The rates set forth in this subsection shall not apply to corporations or joint stock companies.

Discussion in committee should be relevant to the subject matter engaging our attention, but the hon. member for St. Lawrence-St. George wanders far afield and breaks the rules almost every time he speaks on these matters. I wish to protest against it. I believe we should discuss these matters according to the rules of the House whether we are on the Conservative side or the other side of the House. I have sat in this House for five years as a humble representative from the province of Ontario, and I say the hydro-electric movement in my province has very few friends in this House. When the hon. gentleman is in a saner mind he himself can leave public ownership and the hydro alone.

Some hon. MEMBERS: Order.

Mr. CHURCH: I am in order as much as the hon. gentleman. They criticize the old province of Ontario which pays more taxes than any other member of confederation. Forty-six per cent is paid by Ontario directly and we want fair play. I am willing to discuss this question with the hon. gentleman inside the House or outside at any time. If he will come up to Ontario he will learn something about the province, especially if he comes to Toronto and the Niagara district. If he sees the work accomplished for the people of the province by the hydro he will learn to admire it.

The CHAIRMAN: Order.

Mr. CHURCH: Then he will have more respect for the founders of the hydro-electric movement, and its functions and results, and he will become aware of the taxes they are paying, and will realize that in that way they are helping to pay his taxes and the taxes of the people of Quebec and Canada.

Mr. STEVENS: Mr. Chairman, in connection with this resolution I am going to offer a very brief criticism of what I deem to be the failure of the government to recognize what has always been regarded as a very sound principle in taxation, namely, that a given source of income should not be taxed a second time. I recognize that in collecting income tax there is naturally a desire to get the maximum. This is a very laudable desire on the part of the tax officials, but I still hold that if on the production of a certain amount of profit a company is taxed, it is unfair and unsound in principle to tax again that profit when it is paid out in the form of dividends. So I suggest to the minister the desirability of amending the resolution to eliminate this duplication of taxation.

I have in my hand a telegram dated April 23 last addressed to the Minister of Finance, and on behalf of those who sent it I want to say to the minister in charge of this resolution that the fact that it was not sent to him personally should not be taken amiss. It was addressed to the Minister of Finance, presumably under the impression that he would direct this legislation through the House. The telegram reads as folows:

> At a meeting of citizens' committee representative city council, board of trade, Canadian Manufacturers' Association, B.C. division, Retail Merchants of Canada B.C. branch and Associated Property Owners of Vancouver to-day, I was instructed to make strongest opposition to provision in your budget of fifteenth instant for taxation of dividends both in hands of earning companies and again in hands of shareholders as dividends. This provision sufficiently onerous in any part of Canada to deter investment in new enterprises and particularly in new provinces such as British Columbia where introduction of new capital of supreme importance. Committee feel that proposed basis of taxation would be very serious and am instructed to urge upon you necessity of reconsidering proposed action in establishing dual taxation of company earnings if development of this province just beginning to give promise of considerable importance is not to be seriously retarded.
>
> (Signed) A. E. CRADDOCK,
> Honorary Secretary.

I want to impress upon the minister the importance of the suggestion made in this telegram. It comes from a very representative group of citizens, and is not offered lightly or in a spirit of criticism, but with a desire to bring to his attention the possible serious effect of this taxation. They feel, and I feel, that if persisted in it will discourage the investment of capital in the development of our natural resources. I will localize this to a degree and speak for my own province. I suppose there is no province more dependent upon the investment of capital for the development of its natural resources, those of the mine, the forest and the sea principally, and in a lesser degree agriculture, and also in manufacturing, which is growing under the stimulus of the development of our resources. All of these activities are seriously affected, and we are therefore suggesting to the minister a reconsideration of this measure.

I have also before me a memorandum submitted to the Minister of Finance by Mr. Norman McLean, president of the Associated Property Owners of Vancouver. It deals with this same question, and I will read only a very brief section. It recommends that:

> 1. The provincial income tax where levied be allowed as an exemption.
>
> 2. Double taxation as will apply on dividends should be withheld, as all dividends are in the first instance subject to a tax paid by the company.

There is another point referred to there which only emphasizes my argument. We have a provincial income tax in British Columbia, as I understand they have in a number of other provinces, and that creates an additional difficulty; many concerns are now paying out a very considerable portion of their earnings in income tax. First there is the provincial income tax now reduced from 9 per cent to 8 per cent; then we have the federal company tax which is now 9 per cent, formerly ten and one-half per cent, and in addition we have the tax upon the private individual on the same earnings. I am very seriously impressed with what I think will be in many instances the fatal results of this duplication. I will admit that there may perhaps be ways of getting around the tax by the reorganization of some concerns which may manage to escape this taxation, but it is not desirable to have legislation which some may escape but which others must observe. I think the object of all taxation should be to make it as clear and as simple in its operation as possible; in this instance we have multiplied taxation. I do not know whether the minister has so fixed a mind and an opinion upon the subject that we cannot appeal to him; I hope that is not the case. I am sure there are many on the other side of the House who will quite agree with my view, imperfectly expressed as it is; I am giving it hurriedly and without much preparation. But the simple fact that we are taxing these incomes twice, first in the companies and then as they are distributed in the form of dividends or earnings, is in itself enough, I think, to warrant the government abandoning this particular portion of their budget proposals. I advance this suggestion in a spirit of good faith and with the desire of assisting in the study of this problem.

Sir GEORGE PERLEY: Before the minister replies I would like to say a word or two on this point. I had a talk with the Minister of Finance on the subject; I did not know the Minister of Customs would have the matter in charge or I would have spoken to him as well. I am not interested in this question from the viewpoint of any individual or any particular company, but I do strongly support what the hon. member for Vancouver Centre (Mr. Stevens) has said. I think it is going to hurt Canada if this resolution goes through in its present shape. In the first place, as has already been pointed out, it seems to me altogether contrary to the spirit of our taxation that the same money should be taxed twice; that is something which will hardly bear inspection. But passing along from that, I beg the minister to reconsider this resolution because it seems to me that it will be a hindrance to Canadian industry and Canadian investments.

This afternoon the remark was made that the dividends of a certain well established company should pay as much taxation as earned incomes. I do not think that is the point at all just now. I think there should be some inducement to people to invest their money in Canadian enterprises, and I ask the minister if he does not think that is a good principle to support. It should be made a little more profitable to put money into a Canadian enterprise than to put it into bonds. I know of a company which was started not long ago by ten men; that company may be a failure and the investors may lose their money, but if the company is successful, this resolution will make those men pay nine per cent in the first place as a company, and then each individual will have to pay an additional tax as well. People are going to think twice before investing money under these conditions. They will say, "If this company is a failure I will lose my money; if it is a success the government is going to take the bulk of the money; I had better put it into government bonds rather than risk it in any Canadian enterprise." Therefore I submit that the resolution as it is now framed will deter men with money to invest from putting it into new Canadian enterprises, and surely if there is one thing we need in this country it is to develop our resources. It is true that we are getting in a lot of outside money from the United States; we welcome it, and welcome even more the money coming from the Old Country, but it is much better that our enterprises should be controlled by ourselves so far as possible. So I submit to the minister that he should make some concession in regard to this resolution which will offer a certain amount of inducement to people to invest money in Canadian enterprises and Canadian stocks rather than in Canadian bonds.

Mr. NICHOLSON: I wish to support what has been said by previous speakers with regard to the principle of double taxation. In so doing I would like to refer briefly to what the minister said this afternoon in drawing a comparison between an earned income and an income drawn from dividends on money invested in the Canadian Pacific Railway. It is very easy to draw a red herring across the trail by citing as an example a well known, well established public corporation, indicating that if a man has sufficient money in that enterprise to give him an income of $10,000 a year he should pay the same income tax

as a man with an earned income. As a matter of fact he does pay the same; and at all events there are very few people in this country who have enough money invested in corporations such as the Canadian Pacific Railway to receive an income of $10,000 a year. They are not the people who are being hit by this legislation. But just at that point let me say that the Canadian Pacific Railway pays $2,000,000 in taxes direct to the federal government, and then the stockholders who put their money into the enterprise are taxed a second time. The great majority of the people who will be affected by this measure are those people in small industrial corporations of different kinds all over Canada. I know forty or fifty of them in my own riding, and the average aggregate income would not be over $10,000 or perhaps $15,000 in any of these corporations.

When the minister spoke about earned income, he referred to the man who worked eighteen hours a day in order to secure that income. After all it is the man who pust his time and money into Canadian enterprise who works eighteen hours a day, and why should that man, receiving an increment of $10,000, pay $1,190 in taxes while the man who comes into Canada selling on commission goods produced in a foreign country and making an income of $10,000 only has to pay $290? Is there anything fair in that? That is exactly what happens; the man who earns $10,000 by selling goods produced in a foreign country will pay only $290 in taxes. The man who spends his own time and his own money in the development of Canadian enterprise will pay $1,190; and so all along the line.

Another feature, and perhaps the most vicious feature in connection with this legislation, is the provision by which the increment that may be earned in a private corporation, notwithstanding the fact that it is not distributed or is not distributable—increment in the form of goods on the shelves of a merchant or material in the plant of a manufacturer to be fabricated at some future time—is going to be subject not only, in the first place, to the corporation tax of 9 per cent, but also to taxation upon dividends just the same as if it had been distributed, although in all human probability in the majority of these cases the man who has that increment is paying interest to the bank in order to be able to carry his business along. Go through the whole of these provisions, examine just how they affect Canadian enterprise from one end of the country to the other, and, I will repeat what I said on a former occasion, if you secured a group of experts to devise a plan for discouraging Canadian people from doing anything to develop their own country, they could not devise a more effective plan for that purpose than is set out in these resolutions. You are simply making it so that the Canadian who invests his money outside of this country, or who invests his money in non-productive bonds or debentures or in mortgages in this country, will pay one rate of taxation, while the man who puts his time and his money into the development of Canadian industry and gives employment to Canadians is penalized by being taxed twice and, in some cases, as the resolution now stands, three or four times.

There is another feature to which I should like to refer for a moment, as I do not wish to rise again, and that is the provision by which a loss made in one part of a man's business is not allowed to be set off against gain in another part. I have personal knowledge of a small group of Canadian workingmen who put their money into a business in an endeavour to establish and develop an industry, and who lost $100,000 in the first two years the business was operating. In the following five or six years the business had a small increment each year, but nothing was allowed on account of the loss they had made in the first place. They were paying interest to the bank on account of loans they had made in order to be able to carry the business along, and from that time until this, if they make one or two or ten thousand dollars a year and thus help to pay back what they had borrowed in order to carry them along, whatever they make is being taxed all the time. If a man has an interest in one corporation that loses money, and an interest in another corporation that makes an equal amount to that which has been lost, he is taxed twice over, and no allowance is made for what he loses.

All along the line, as you examine the principle upon which the income tax is levied against Canadian industry, you simply find this, that it is a plan carefully conceived, or apparently so, to discourage and make it impossible for men to invest their money and put their time into Canadian business and help develop Canadian industry. I appeal to the minister to consider the whole aspect of these provisions, not as they affect a few large individual corporations, but as they affect the great mass of the Canadian people who are endeavouring by their own energy and their own time and money to do something in their own way to help develop their own country. The large corporations can take

care of themselves. As a matter of fact, the large corporations in the very great majority of cases are made up by the investment of a great number of small amounts of money, in the form of payment for stocks and bonds by a great number of investors, many of them working people, many of them widows and orphans, and why should they be penalized for putting their money at work in Canada any more than those who have invested outside of the country? The whole scheme seems to me to be designed to force people either to tie their money up where it is not working at all, or to invest it outside of their own country altogether. Let me join with those who have preceded me and ask the minister at least to hold this over until he has considered just exactly what it involves.

Mr. WOODSWORTH: Reference has been made to the widows and orphans. It is because of the widows and orphans, and some of the workers who are perhaps a little better off than the widows and orphans, that I should like to say a word on this matter.

Unless we repudiate our debts entirely, it is necessary to raise the revenue somehow. As I tried to point out the other day, it is only, after all, a little less than fifteen per cent of our revenues that is being raised by income tax. The greater part of the revenues are raised through indirect taxation, which bears most heavily upon the ordinary people, including the widows and orphans. So we are dealing practically in this whole income tax matter with less than fifteen per cent of our revenues. Now when we come to that fifteen per cent, I take it that it is a sound principle of taxation generally accepted that we should tax the people who are best able to bear it, and those who have made profits surely are best able to bear the taxation. There is the other side of that, which has not been emphasized to-day, and that is that if you lessen the taxation on the ordinary people you increase their buying power, and when you increase their buying power you immediately increase the amount of goods that may be produced, and you increase the prosperity of the country generally. Between increasing the stored up capital in this country in order that you may produce more, or, on the other hand, increasing the buying power of the great masses of the people, we are safe, I think, in choosing the latter alternative and arranging our taxation so as to increase buying power and in that way produce prosperity.

Mr. HANSON: If the hon. gentleman (Mr. Woodsworth) is of the opinion that this section of the budget will help those for whom he pretends to speak, and will study very carefully the schedules in this resolution, especially those which apply to the very large incomes, then I suggest to him that he cast a false vote on this budget, because this budget, and especially these schedules applying to the very large incomes, have lightened the burden upon the taxpayer against whom the hon. member has steadfastly set his face ever since he came to this House.

Mr. WOODSWORTH: May I say in that regard—

Mr. HANSON: I would like to go on with my remarks, Mr. Chairman. The hon. member occupies about ten times as much of the time of the House as I do.

I would like to reaffirm in a very brief way the conviction that has been expressed by hon. gentlemen who have preceded me with respect to this particular resolution. I do not know that I can throw very much new light on this question, but I think I can view it from quite a different angle from that taken by some of the other gentlemen, and in order to do so I want to give a concrete illustration of certain Canadian companies which I know about, owned entirely by Canadian taxpayers. I am not going to mention any names, but it so happens that a company engaged in the development of the natural resources of my province, a company which is 100 per cent Canadian and in which Canadian citizens have risked their whole fortunes, purchased 100 per cent of the stock of another Canadian company. It so happened that this second company which was purchased had no less than three subsidiary companies. Now that is the condition that is confronting these people with respect to this particular tax. What is to be done? I have not heard that there is to be any rectification of what it is clear must be a very grave injustice. In the particular case I have under observation, and in which I have been called upon to advise, I have advised that unless there is a rectification of the injustice no less than 27 per cent of the dividends of the third subsidiary company will go into the public treasury. Now that is confiscation, and I object to the resolution on that ground. I simply recite this to accentuate the injustice of the present resolution. I am bound to say that I do agree in principle that there should be an advantage given to earned income over unearned, but I would not give it in this way, nor would I discriminate to such an extent as is done here. This very question was discussed, I think, last year or the year before. I took

occasion then to urge very briefly upon the minister to make some such distinction. I must say that I had the surprise of my life when I read the budget speech this year, not being present when it was delivered, and learned that the minister had adopted the method which he did adopt. I hope that before the resolution is passed there will be a rectification of the extreme condition to which I have referred.

Just one other word and I am done. I object to the taxing this year of the 1925 dividends. I do not think it is fair to the Canadian stockholders who have invested their money in good faith in Canadian companies, who have purchased shares, held them, and applied their dividends on the faith of the law as it was at the end of the accounting period of 1925. It is retroactive legislation, and as such is objectionable per se. But the worst feature of it is that you are taxing a man and making him pay for something he has probably not got now. I ask the minister to consider that feature. I am not going to attempt to deal with the legality of the matter. No doubt the government have had some advice on that point, although I have very grave doubt whether it is actually legal to do what the government propose. But it is objectionable on its face because it is retroactive legislation, and it is something that a government should not resort to unless they are absolutely driven to it.

But over and above all these considerations there is the fact that by putting a double tax on Canadian dividends, and by shifting the burden as it has been shifted, you are going to drive capital out of this country or are going to keep it away. I know something about the financing of Canadian industrial concerns; I have had something to do with it. I know just how hard it is to get local capital to invest in Canadian industrial concerns. Not this year but years ago, and from that time on down to the present, it has been necessary to pay investors a higher rate of interest, to absolutely secure them and give them freedom from taxation, or money could not be got for utilization in the development of our natural resources. I have reference to the pulp and paper business, an industry that is expanding this country. But how is it doing it? It is doing it in nine cases out of ten on borrowed capital, either by way of preferred stocks, or by bonds or, if you can, by inducing people with money to buy common shares in Canadian industrial concerns. I venture the assertion that if this resolution goes through you will not get a dollar for the purchase of common shares in Canadian pulp and paper companies.

Mr. WOODSWORTH: May I just correct the impression that may have been left by the last speaker? In discussing the budget I deplored the fact that we were proposing to lessen the taxation on higher incomes. I have taken that stand right along, so that my position on the matter is quite clear.

Mr. RYCKMAN: I desire to add my voice briefly to those of hon. gentlemen who have spoken in opposition to this resolution. I am convinced that there is a plain business issue here that requires the judgment of business men and in that number, of course, I include the minister and the commissioner of taxation. I feel that this resolution if adopted and made the law of this country would result in irreparable damage. I am reminded of an incident which occurred during the first session I was present as a member of this House. The Hon. Mr. Fielding was Minister of Finance, and there was a question of imposing a duty of a dollar and a half per thousand on cigarettes. I told the minister that I held no brief for the cigarette manufacturers, but if that duty were put into force it would result in the smuggling of cigarettes and in a distinct loss to the revenue—that it would be a totally bad business proposition in fact. The minister was frank enough to say that if that result followed, the legislation would be repealed at the next session of parliament. We came back and after one year it developed, so I was informed, that the revenue of this country had lost about $2,000,000 and that bootlegging in cigarettes had been set up. If this resolution is made law, if control such as this is placed over Canadian funds, it will mean what? First of all it will mean the transfer of these funds to United States. I am told that already representations have been made to the government that money has gone out of this country because of this very resolution, and I ask the minister if he will be good enough to tell us, before we are through with this item, if any representations have been made on that score. Therefore, without taking up time unduly, I ask those who are disposed to sit down in the cool of the evening and investigate a business proposition, then arrive at a conclusion, whether this mode of taxation would be in the interest of Canada. I am satisfied that hon. members have already received circulars from brokers—I know that I have received three or four—pointing out this very fact, and say-

ing that it will pay Canadians to invest their money in the United States because by so doing they will avoid this taxation. I am one hundred per cent Canadian. All of us want to do the best we can for this Dominion, and I ask the minister whether this method of taxation is going to help us in upbuilding Canada, or whether it is going to mean that for the sake of a little revenue we shall be denying business to this country and estranging funds that should go into Canadian investments.

Mr. MANION: I should like to say a few words on this resolution, although I do not know whether any further arguments can be added to those which have been already advanced. But there is one point that appears to me to have been pressed too severely, and that is the point made in connection with the term "unearned income." There is a little too much tendency on the part of many, it appears to me, to desire to tax very heavily what they call "unearned income," in other words income coming as dividends from some corporation in which investments are carried. May I point out that frequently the so-called unearned income is not unearned at all; it is earned over a period of many years by the thrift of the man who happens to have that income coming to him at that time? Let us take two examples to illustrate the point: There are two individuals who, we will say, twenty or thirty years ago were earning an income of $3,000 or $4,000 a year. One spent or wasted everything he made or, perhaps, did not waste it but spent it on good living. The other man wished to provide for his old age, or wished to make provision for his family. Accordingly he laid aside a little money every year and put it into some Canadian corporation. It is only a few years since the income tax was first imposed in this country, and it
9 p.m. was not until the present budget was brought down that the investments which this man had made in Canadian enterprises were taxed. Therefore his thrift would be rewarded by a return of 100 per cent. But to-day the proposition is that this man, who has been thrifty and saved for the old age of himself and his wife and the care and education of his children, shall not only be taxed on that thrift which has made him save his money but that his thrift shall be doubly and in some cases trebly taxed. A point that should be kept in mind is that those so-called unearned incomes, in perhaps 95 per cent of the cases in this and other countries—and probably more in Canada than in older countries—are really earned incomes, earned by the thrift and self-denial of many years gone by. That is another reason why this matter should be given consideration.

The argument which has been advanced in a very moderate tone by many hon. members to-day, most of them, I admit, upon this side of the House, has been advanced with the desire not of embarrassing the government but of pointing out to the minister the need of some further consideration of this item. It is an unfair tax not only because it is a tax and sometimes a double and even a triple tax upon thrift, but as has been so well pointed out, because it is in many cases a double tax on our country, a tax which does not apply to foreign countries where people invest their money. The Canadian investor and Canadian envestment in Canadian corporations are paying a heavier tax through this proposition than is paid by the corporation of a foreign company or the individual who invests his money in corporations of a foreign country.

There is another point that should appeal to the hon. member for Winnipeg North Centre (Mr. Woodsworth) who states that he speaks for the labouring classes of the country. He should remember that if you injure the industries of Canada you take away from the working classes the opportunity of earning a living. The first persons who suffer if you injure a Canadian industry are the workingmen themselves. The man who owns an industry, even if it is put out of business, can often go south and while away his time in Florida, the West Indies, or somewhere else, but the workingman has to look for another job. If any of those industries are put out of business—and it has been very ably argued that many of them will be hurt and some perhaps will be put out of business by taxation such as this—the workingman will be the first to suffer by such action.

In closing I appeal sincerely to the minister either to make an amendment himself to-night, or to hold this item over until to-morrow, reconsider the question in consultation with his able assistant, Mr. Breadner, and see if he cannot bring in a proposition which will be satisfactory. I do not think the minister would accuse any hon. gentleman who spoke this afternoon on this question—and it has been under discussion for a long time—of taking a captious or, if you will, a political attitude. They have argued it from the standpoint of fairness to the industries of Canada and those who have money invested in them. I would suggest that the

minister should either hold it over until to-morrow and consider the matter or amend it himself to-night if he should desire to do so.

Mr. BURY: I do not intend to speak at any length because the arguments against this proposition have been very carefully and fully elaborated. I wish however to say a word for the widows and orphans. I wonder how many hon. members have considered the fact that perhaps in more cases than they can imagine the sole resources of many comparatively poor people who are intended to go tax free under the income tax law may be represented by investments in industrial enterprises in this country. The hon. member for Fort William (Mr. Manion) has called attention to the fact that what has been so glibly called unearned income may in point of fact be really earned income. That is to say, it may represent the thrifty accumulations and careful earnings of a man, a comparatively poor man it may be, over a period of many years. This man dies, but before his death, for the purpose of supporting his widow and children, he has invested his money in industrial securities. You tax the revenue coming from those industrial securities and you are taxing the woman; you are taxing the person whom you intended to let go tax free.

Let us take the case of a widow whose income from investments made by her deceased husband in his lifetime amounts to $1,500 a year. She has to pay a tax of $135 simply because her husband during his lifetime made provision for her by investing money in Canadian industries. Let us take the case of an elderly couple who may have passed the age when they can earn a living. By thrift and industry they have made investments in Canadian enterprises bringing them in a revenue from dividends of $3,000 a year. You intend that that shall be tax free, but in point of fact by the simple reason that their investments are in Canadian industries they pay an income tax of $270 a year. I do not know whether members of the committee have considered that.

Mr. POWER: Will the hon. gentleman explain how he gets those figures?

Mr. BURY: Supposing the revenue of a widow is $1,500 a year—

Mr. POWER: In that case she pays no tax.

Mr. BURY: —derived from money made in a certain industrial enterprise. You go to the fountain head and impose a tax of 9 per cent on her $1,500 a year before she draws a cent. Supposing there is an elderly couple who have, as I said a moment ago, by long, careful industry and thrift set aside for their old age investments which will bring them a bare $3,000 a year. You intend that that income of $3,000 a year shall be tax free, but in point of fact by this proposition you take $270 out of their pockets.

Mr. POWER: Did the hon. member's party not take 10 per cent before.

Mr. BURY: That does not make it any better.

Mr. POWER: It makes it one per cent better.

Mr. BURY: I am pointing out that you are taking in the one case $135 from a widow whose income is only $1,500 a year and in the other you are taking $270 from an aged couple whose income is only $3,000 a year, and only because the man had the folly to put his money into a Canadian industry. If he had not been such an infernal fool as to put his money into a Canadian industry—

Mr. POWER: Would my hon. friend suggest that we exempt Canadian industries altogether from taxation?

Mr. BURY: What you are doing with one hand you are undoing with the other.

Mr. POWER: Would the hon. member suggest that we abolish the tax on industrial corporations?

Sir HENRY DRAYTON: A double tax.

Mr. POWER: At present my hon. friend is talking of incomes of $1,500 a year which are taxed only once.

Mr. BURY: I am pointing out that because a man was such an infernal fool that in the days of his thrift and earning capacity he put money into Canadian industry for the sake of supporting his widow when he dies, instead of putting it into bonds or some other securities outside of industry or into industrial enterprises in other countries, his widow has to pay a tax of $135 a year out of her wretched $1,500, while her neighbour who has her money invested in another country gets her $1,500 net without any income tax reduction whatsoever. That is the result of this proposition. Hon. gentlemen may think that is fair, sensible and good business for Canada. If so, I compliment them upon their mentality, but to me it seems to be a gross injustice that a widow on one side of the street shall have to pay $135 a year in income tax while a widow on the other side has to pay no income tax whatever simply because the first widow's good man—

Mr. GERVAIS: Why take the widow all the time?

Mr. BURY: I take the widow all the time because it seems to some hon. gentlemen opposite that we here know nothing about widows.

Mr. POWER: Tell us some of your experiences.

Mr. BURY: I am afraid any experience of mine would fade into absolute insignificance in comparison with the experiences of my hon. friend.

Mr. POWER: But I am not talking about them; I am more discreet.

Mr. CANTLEY: I want to emphasize some of the objections made by hon. gentlemen on this side. In my judgment, and I believe in the judgment of the committee generally, the taxation now proposed will serve to scare away capital from this country. It is difficult at any time to induce capitalists to come to Canada, and this will simply increase that difficulty. The taxation proposed will make it hard for anyone in Canada to obtain foreign capital for investments in this country. Now, if we are to make any progress at all industrially we must have foreign capital, and in large volume; I am not referring at the moment to the United States so much as to capital from the Old Country. I have been a borrower all my life, and I know what it is to try to induce British capitalists to invest money in enterprises in Canada. A few years ago when we were endeavouring in Nova Scotia, to extend the iron and steel industry there, in company with the present Chief Justice of the province of Nova Scotia, who at that time was president of the Nova Scotia Steel and Coal Company, I spent some months in London in the effort to obtain upwards of ten million dollars of capital, and one of the first questions with which we were confronted had reference to the matter of taxation in this country. If the present proposed taxation is carried into effect, future borrowers will be obliged to reply, to such a question, to the effect that the earnings of industry will be called upon to contribute nine per cent in the form of direct taxation, while in addition thereto the individual dividends will also be taxable. What chance has anyone to secure foreign capital on such terms, when the same capital can be invested elsewhere without this handicap?

This is a practical question. Let me give a concrete illustration of the way in which this taxation will affect Nova Scotia in possibly a very few months. It is within the knowledge of every hon. member that the largest industry by far which we have in that province is at present in a critical condition, and if it is to be maintained it must have some twenty-five or thirty million dollars in the way of added capital. Where shall we secure that money? Is there any possible chance of our getting it in Great Britain under the conditions foreshadowed in these budget proposals? Is there any likelihood of our being able to get ten, fifteen or twenty million dollars of British capital when investors on the other side learn that, apart from the nine per cent collected in direct taxation, the dividends will also be taxable? The situation in Nova Scotia is serious, and while I do not intend to labour the point I am bound to say that it is one that appeals to me with great force in view of this taxation proposal. I do not know that anything I can say will have any weight with the government, but I do appeal to the minister to consider the facts as I have tried to put them before the House. I want to assure the government that in view of the gravity of the situation now existing in Nova Scotia the effect of this taxation, if it goes into operation as now proposed, cannot be otherwise than disastrous.

Mr. BIRD: We all admit that taxation is one of the most debatable subjects that can come before the House and I am ready to grant that the arguments that have been advanced by hon. gentlemen to the right have been sincerely offered. But these arguments have been made solely from one point of view. They constitute, in effect, ar attack on the standard of living now prevailing in Canada. Now we are suffering under the heavy burden of war taxation, and someone has to bear that burden. The question therefore is, who will bear it? Our friends to the right say that those Canadians who have a surplus of income should be relieved of taxation.

Some hon. MEMBERS: No.

Mr. BIRD: I have listened carefully to my hon. friend from East Algoma and to other hon. members during the past few days, and these gentlemen seem to think that some undue burden is being imposed on Canadian capital or on surplus income. If it is the object of hon. gentlemen to relieve surplus income, where will the burden be placed? There is only one thing to do, and that is to place it on the shoulders of the consumers. It follows, therefore, whether hon. gentlemen realize it or not, that they are really attacking the standards of living of the common people. And it is a very dangerous

political proceeding to do anything of the sort. It has been contended that this tax is an attack on thrift. Of course it is not the rich whom hon. gentlemen seek to relieve, but the ordinary thrifty man who through a long life of toil has saved enough money to buy a few shares in some industrial concern. Well, what do hon. gentlemen want to do as an alternative? They want to make it impossible for all time for any workingman to save any money. If our friends to the right push the logic of their arguments to its extreme they will tax the consumers to such an extent that the poor man will find it hard to save any money at all. Then hon. gentlemen say that the tax will injure industry and, consequently, the workingman. That is an instance of the fallacy of arguing exclusively from one point of view. I agree entirely with my hon. friend from Winnipeg North Centre, that the soundest economic means whereby to benefit industry is to increase the purchasing power of the consumer; and it is tantamount to increasing his purchasing power to prevent any tendency towards decreasing it.

Mr. STEWART (Leeds): Are we not all consumers? What does the hon. member mean by "consumer?"

Mr. BIRD: We are all consumers; but the capacity of some Canadians to consume is greater than that of others. Unfortunately our economic system is so ordered that the consuming power of a comparatively small number of our people is enormous in comparison with that of the great mass who live from hand to mouth all the time. Stimulate industry! The only way to have industry in a flourishing state is to stimulate the purchasing power of the people of this country. All economic thinkers, as well as practical politicians who have any interest in the people, agree that you can increase the purchasing power of the people, and thus stimulate industry, by reducing the burden of taxation. With other hon. members of this House I believe it is a regrettable thing that our country is so burdened with taxation. Surely it does the country harm. Surely the country would spring forward into renewed prosperity if some of this taxation were lifted. But when you propose to lift it, let the relief be as equitable as possible. I may have misunderstood the speeches of my hon. friends to the right, but it seems to me they want to lift the burden off the capitalists and put it on the consumers of this country.

We have heard the argument repeated over and over again, which I think on reflection would not be made on its behalf, that if you tax capital it will flee the country. Surely it is a stain upon the capitalists that in a time of stress, when the country is suffering from inflated taxation, the possessor of surplus wealth will migrate if any attempt is made to tax him. That is a new kind of patriotism, that you can pile all this war taxation on the workingman, the farmer, because he cannot get away, he is patriotic—he has to be because he is tied hand and foot to the soil; but you must not impose the burden on the man who possesses capital, who to-day is a patriotic citizen and boasts of his patriotism, for if you do, to-morrow he will flee and become a citizen of another country. That seems to be the logic of our friends' argument.

Now, Mr. Chairman, I think it would be a very worthy achievement on the part of the Minister of Finance to frame some method of dealing with these ultra-patriots. Surely it is within the scope of human wit to discipline those who in order to escape paying a fair share of the taxation of this country are ready at any moment to hurry off to some distant and greener pastures. It surely would be a worthy achievement on his part to so discipline these super-patriots that they would be glad to leave their capital and themselves at home in order to help the rest of the people to bear the burden of post war taxation.

Mr. CLARK: Mr. Chairman, I would suggest to the hon. member for Nelson (Mr. Bird) that if his income happens to be $4,000 a year, under the new law he will pay $20; but that if I happen to be a manufacturer and the sole shareholder in a company whose net profits amount to $4,000—the same as the income of my hon. friend—I will be forced to pay $360. But it does not stop there. When I get my dividends I must in addition pay just exactly the amount that my hon. friend has paid. In other words, I must pay $360 plus $20. Yet he rants and raves and suggests I ought to pay more.

Mr. BIRD: The hon. gentleman does not seem to realize that he would be over $1,000 better off than I would.

Mr. CLARK: I do not think my hon. friend has followed me. The incomes are the same, only my income, which happens to be $4,000—

Mr. BIRD: But the hon. gentleman would have an earned income as well.

Mr. CLARK: I do not hear my hon. friend. He says the cost of the war has to be met somehow. I would point out that in past years, under the Special War Revenue Act and the Income War Tax Act, we have been collecting war taxes. In 1922-23 we collected $181,000,000, next year $182,000,000 next year $147,000,000 and last year $154,000,000. During his budget pronouncement the Minister of Finance stated that the principal expenditures of 1925-26 due to the war exceeded the taxes collected under these special war acts. As a matter of fact the figures show quite the contrary. In making up his statement he has charged interest on the whole public debt incurred since 1914. I suggest that that is not fair, that the balance of the national debt so incurred is not due entirely to the war, that during the interval we have advanced $600,000,000 to the National Railways; furthermore, the public accounts show that the total cost of the war amounted to $1,600,000,000. Therefore the interest on the public debt due to the war is not in excess of $75,000,000, whereas the Minister of Finance represents it to be $122,000,000. Under this Income War Tax Act and the Special War Revenue Act we collected in 1922-23, $51,000,000 in excess of the amount required to meet war expenditures; the following year, 1923-24, $61,000,000, in 1924-25, $26,000,000, and in the last fiscal year we collected $33,000,000. I suggest that in so far as those collections have exceeded the amounts required to take care of the war expenditures they were illegally collected. I am not suggesting that the acts themselves are ultra vires of parliament, indeed the contrary has been held; but those acts having been passed for that specific purpose, I say the collections in excess are illegal.

This afternoon I pointed out to the minister that in so far as the taxation of dividends which were earned in 1925 was concerned it was ultra vires, but perhaps I wrongly used that term. This parliament, of course, can pass such legislation, but I submit that in so far as this act relates to taxation of dividends earned in 1925, it is equivalent to a tax on property that has ceased to exist; there is nothing to tax, and therefore no taxation can be collected. It is just the same as though the minister to-day were attempting to tax dividends received in 1890; that property has been disposed of or spent. Similarly, dividends which were received in 1925 have ceased to exist, the property is non-existent, and such tax cannot be collected. If the tax were for the next year it would attach to the dividends as and when they were received and would be quite legal, but I ask the minister to take that into consideration. I further ask him whether he has considered the legal effect of an act instituting a tax upon property which has ceased to exist.

Mr. NICHOLSON: I had not intended to say anything further, Mr. Chairman, and would not have done so but for the remarks of the hon. member for Nelson (Mr. Bird) in which he referred specifically to myself and put words in my mouth which I did not utter. In endeavouring to make it appear on the record that those who are opposing the method of double taxation now proposed by the government are endeavouring to relieve Canadian industry or Canadian investors of income tax altogether, the hon. member for Nelson either wholly misunderstands the position we have taken, or misunderstands the proposal before the House, or is misrepresenting the position taken by myself and others who have spoken in this regard. So I would just like to ask the hon. member what justification can be advanced for taxing a man with an income of $5,000 a year $40, and taxing another man with the same income $490. That is an unfair method of taxation, and am I to be charged with endeavouring to evade taxation on behalf of those who have their money invested in industrial enterprises in this country because I oppose it? That is exactly what is proposed in this resolution. As I said before, a man may earn $5,000 a year by selling goods produced in a foreign country, and on that amount he will pay a tax of $40. But if a man has the enterprise and industry to earn $5,000 from his investment in some Canadian company he is taxed $490 a year, and that is what we are objecting to. Those who are investing money in this country and those endeavouring to build up Canadian industry have always been perfectly willing to pay their fair share of our taxes, but when it comes to this system of duplicate taxation many businesses will find it impossible to carry on, and I think we have a perfect right to object. The hon. member for Winnipeg North Centre and the hon. member for Nelson both made statements in regard to earned and unearned income, and the latter gentleman also said that the way to make industry prosperous was to make it possible for the Canadian people to buy more goods. If the plan of my hon. friends were put into effect, they desire to have those Canadians who can buy goods buy foreign goods, and they would make it utterly impossible for a Canadian to buy goods made in this country at all.

I would like to give one illustration before closing. If you look at this island in the

Ottawa river you will see an industry established there. A young man came to this city seventy years ago and spent the whole of his lifetime and his yearly increment as he made it in establishing that industry. In the whole of his private life and in the way he lived he was a hermit in comparison with some of these men who are talking about the plutocratic business man. During those seventy years through that industry he gave employment, furnished homes and supplied the means of livelihood to tens of thousands of people. and that is exactly what the minister is endeavouring to prevent by the introduction of a system of this kind.

Mr. POWER: I presume the hon. gentleman is referring to the J. R. Booth industry.

Mr. NICHOLSON: Exactly.

Mr. POWER: Would taxation such as this have prevented J. R. Booth from becoming as great as he eventually did become?

Mr. NICHOLSON: He could not have started.

Mr. POWER: Will the hon. gentleman tell me why?

Mr. NICHOLSON: Because you begin by confiscating the increment which is made from year to year, which would make it impossible for him to get started.

Mr. POWER: Is it not a fact that J. R. Booth was not incorporated until the last five years of his life?

Mr. NICHOLSON: My hon. friend can speak for an hour if he wishes after I have finished. I simply say that by this method you are making it impossible for those men who are endeavouring to establish industries of a similar character to carry on, because you confiscate the increment. I will refer again to that provision by which the increment is taxed a second time, whether or not it is possible to distribute it. That is the most vicious principle in connection with the whole thing. When the hon. member for Nelson or anyone else undertakes to charge those who are objecting to this vicious principle of double taxation which is applied against Canadian industry but not against incomes derived from any other source whatever, with evading taxation, he is simply making a charge which has absolutely no foundation in fact. No hon. gentleman on this side of the House who has spoken on this provision has argued any such thing as my hon. friend would endeavour to indicate.

Mr. BOIVIN: Let me at once admit, in attempting to answer the criticism levelled at the measure now before the House, that the question at issue is very serious, and that it was not without a great deal of consideration that the government decided to depart from the principle adopted in our income tax law since it has been on our statutes. But let me further say that it is a great deal easier to criticise than to construct; it is a great deal easier for hon. members opposite—and I do not blame them for having done so, because it is their duty—to pick flaws in any piece of legislation introduced by the government than to correct those flaws and make the legislation proof against criticism.

Let me take up the different lines of criticism as they were made by the different speakers on the other side of the House, and let me deal first with my good friend from St. Lawrence-St. George, who brought up the point of taxation upon light, heat and power corporations, or in other words public utility corporations. He represented with a good deal of reason that the people of the province of Quebec should not be called upon to pay more for light, heat and power than should the people of Ontario, but that this was the case at present because the public utility corporations of the province of Quebec were obliged to pay income tax. This they passed on to their consumers and considered as an overhead expense, whereas the public utility corporations of Ontario, or in other words the hydro-electric commission, was not obliged to do so. The people of Ontario represent, quite rightly I think, that the hydro-electric commission does not attempt to make profits, and that therefore there are no profits to be taxed. There is only gross revenue, which may be compared with the gross revenue of the public utility corporations of Quebec. The suggestion was put forward that we might equalize matters by not imposing any tax on the net earnings of the public utility corporations in Quebec, but that we could impose a smaller tax on the gross earnings of both corporations. That would be a way out of the difficulty were it not for the fact that the British North America Act prohibits the taxing of government property and of government corporations. Section 125 of the British North America Act provides that no lands and no property belonging to Canada or to any province of Canada shall be liable to taxation. This aspect of the law has been discussed in the House many times, and that is the reason why income taxation has never been imposed upon the public utility corporations of Ontario.

I did not intend to blame the hon. member for St. Lawrence-St. George for having been

in contradiction with himself when I spoke just before six o'clock. It was more in a spirit of gratitude that I rose to thank him for having pointed out that in the case of the public utility corporation the tax was really paid by the consumer, and that what existed in the case of the public utility corporation existed in the case of most of the larger corporations of Canada.

Mr. CAHAN: The latter part is where we differ.

Mr. BOIVIN: We do not differ so much as my hon. friend thinks at the moment, because I was going to say that I am willing at once to concede that in so far as small corporations are concerned, in so far as partnerships formed into joint stock companies are concerned, there is a real hardship in double taxation. Where four or five young men invest their earnings for a certain number of years in one partnership and are confronted by this income tax law, which was placed upon our statute books by our predecessors in office—I am not blaming them for that; it was necessary and must be maintained—when they learn that for the purpose of settling estates and paying succession duty taxes without trouble and inconvenience it is easier for them to incorporate as a joint stock company, they proceed to take out a charter. It is the same capital, it is the same effort, it is the same people interested in the concern, and there is double taxation. The government proposes to remedy that by placing in the bill a clause —it is not necessary that this should have been mentioned in the resolution, because it is a diminution and not an increase in taxation—giving to these corporations the opportunity of making their own option of paying their taxation as joint stock companies or as individual partnerships, as they may desire.

Mr. CAHAN: That will really meet my objection to a very great extent.

Mr. BOIVIN: I am very glad to have that admission. I know that my hon. friend will contend this, that it is going to be very difficult to draw the line between the family corporation, between the partnership which has developed into a joint stock company, and the larger corporation. Let me say right now that in spite of all the criticism levelled against our bill, I am still of the firm opinion that most of these small corporations will take advantage of the law as it stands and continue to pay their taxes as corporations, and not as partnerships. I know that my hon. friends readily understand the difference.

[Mr. Nicholson.]

If they pay their taxes as corporations, they will pay 9 per cent on their entire earnings, it is true, but the individual partners will pay taxes only on what they withdraw from the company. The surplus that remains in the company is not taxed over and above the 9 per cent.

Sir HENRY DRAYTON: They would be keeping back the income if it was more than that.

Mr. BOIVIN: Nine per cent would be the only amount they would have to pay as corporations.

Sir HENRY DRAYTON: On a net income of $9,000 they would pay only 9 per cent, and that really means an income of $12,000 in the case of a married man.

Mr. BOIVIN: In the case of corporations where the profits are large they would prefer, I suppose, to leave them in the corporation. In all corporations, and I know it is the small corporation that hon. gentlemen opposite desire to protect, they would have to pay a tax on their profits at the same rate that they would pay if they were individual partners in a partnership.

Mr. MANION: But would not the corporation have to pay the same tax when it ultimately makes a distribution of its profits?

Mr. BOIVIN: If the corporation is sufficiently large to make it more advantageous for the corporation to pay 9 per cent on its total earnings and to leave in reserve the amounts that could be distributed amongs its shareholders, of course, when the dividends were ultimately distributed, it would be considered as a profit or income and become taxable.

Mr. MANION: That is the point I make.

Mr. BOIVIN: It must be remembered however, that a great many of these corporations invest their profits in brick and mortar.

Mr. MANION: It would really only be delaying the double taxation.

Mr. BOIVIN: It would be delaying the double taxation if the dividends were ever withdrawn from the company in the form of direct profits. But, I wanted to add, there is another corporation that we are trying to reach, and that is the personal corporation, or the corporation sole, which was formed in many cases for the express purpose of evading taxation.

Mr. CHAPLIN (Lincoln): Nobody on this side has objected to that.

Mr. BOIVIN: I am very glad that in all the remarks made by hon. members on the other side of the House no objection was taken to the efforts that are being made in this legislation to reach back and tax the man who should have paid taxes before but who has evaded taxation, not the man who has invested his money in industry, not the man who has attempted to develop Canada, not the man who has attempted to give employment to his fellow men or to keep the wheels of industry going, but the man who has incorporated himself as an investment corporation and who has evaded taxation by withdrawing from the corporation only what he required to meet his living expenses, paying 9 per cent on the balance, and leaving the entire amount of his surplus to accumulate from year to year in the corporation. I am glad that we are at one in this House in the effort the government is attempting to make to reach back and oblige these people to pay their fair share of taxation.

Mr. CAHAN: I think we are all in accord as to that, but I think my hon. friend would have to consult his legal advisers on that point, because under the form which the legislation takes here, any counsel for a fee of $100 to $500 could advise a wealthy man how he could escape the tax entirely.

Mr. BOIVIN: My hon. friend must not forget that he is looking merely at the resolution which, after it has been adopted by parliament, confers upon the government the power to introduce the bill based upon it. The bill, of course, will be much more precise than the resolution itself, and will, I think, meet any objections that could be raised by my hon. friend.

I do not think there is very much criticism as to the rates charged. The whole argument, I think, goes back to the double taxation. We have protected the small industrial investor by placing in the bill a clause to the effect that partners going into business or people entering what may be called a family industrial corporation shall have the option of paying either as a partnership or as a company, as they may desire.

Sir GEORGE PERLEY: Is there any limit to the number of shareholders there may be in a company of that kind?

Mr. BOIVIN: No, there is no limit to the number, but they have to be either members of the same family or individual partners who are engaged in the same business and have become incorporated as a joint stock company.

Mr. CAHAN: I would suggest to the hon. gentleman that such a provision does not go quite far enough. He desires, as I do, to protect the industrial life of our towns and villages. One great difficulty in the province of Quebec is to maintain in the towns and villages small industries which give employment to people, who otherwise would find refuge in the great cities of the United States or possibly in Montreal or Quebec. Now, this resolution would apply to all these companies no matter whether they are of members of the same family or not. Half a dozen neighbours will get up a small company. They will contribute the necessary capital, enter into a partnership, and become incorporated as a limited company. They certainly should be exempt. The whole body of private companies, incorporated under the Companies Act, should be exempt in the same way. All private companies who are incorporated under the Companies Act as partners should be exempt, because it is absolutely impossible to maintain the small industries of our towns and villages if they are to be taxed twice, once as a company and secondly on the income which they receive in the way of dividends.

Sir GEORGE PERLEY: I should like to support what my hon. friend the member for St. Lawrence-St. George has said in this respect. My sole idea in discussing this matter is to try to find some means whereby there will be an inducement to our own people to invest money in the industries of our own country rather than put it into bonds. And I am not comparing their position with the position of people who invest in foreign countries at all. At the present time I am considering the position of a man who has some money that he might invest in Canadian enterprises and thus give employment to our own people and help to develop our own resources, or that he might put into bonds without incurring any risk in regard to it. I have instanced a case that I happen to know of where ten men lately started a new business. I submit that if this legislation goes through as I understand it to be now, it will do a lot to prevent people of that kind from making investments of the character I have indicated. That should apply to the ten men to whom I have referred, although they are not related to each other at all. I am sure that if the minister considers the matter he will agree with me—and I am not speaking from a political point of view at all but from a business standpoint and in the interest of the good of our common country—that if ten men go into an investment of that kind where

they may lose their money it is very unfair to tax them twice. It will do a lot to prevent men from putting their money into Canadian companies designed to develop our own industries and provide work for our own people.

Mr. BOIVIN: The argument used by my hon. friend of course is a strong argument—not only strong but sound—but it comes back to the point I urged in opening my remarks, that it was always easier to criticize than to build up and construct legislation. The resolution before the committee will, of course, form the basis of a bill. That bill will not be pressed for second reading to-night; it will be held over until next week, and if my hon. friend from Argenteuil, who spoke to the Minister of Finance concerning the matter but whom I did not have the pleasure of meeting, has any suggestion by which this difficulty can be overcome, I can assure him it will be taken into consideration and if possible the bill will be amended accordingly. There is no desire on the part of the government to impose double taxation which will stifle the small corporation.

Hon. members on the other side gave some typical examples of the hardships that might be caused to the widow who had a revenue of $1,500, or to the aged married couple who had an income of $3,000, and who would be obliged to pay taxation. Let me tell the hon. member who gave us those two examples that the taxation they paid is indirect taxation. It is not taxation upon their income, it is taxation paid by the company in which their money has been invisted before this revenue is derived from it, and this resolution effects an absolute reduction there of 1½ per cent. Previously that same widow, and that same married couple were obliged to lose 10½ per cent upon the earnings derived from the capital they had invested in the company instead of the 9 per cent paid by the company at the present time. And I do not think it is quite fair to say that when 9 per cent is collected on the earnings of the company it is equivalent to 9 per cent of the dividends received by the shareholders. It evidently is not, because under the old act when the normal tax was only 4 per cent, the normal tax alone was deducted from the taxation imposed upon dividends derived from companies. The only relief that was given under the old act was relief for the normal tax.

10 p.m.

Sir HENRY DRAYTON: That helped the small taxpayer.

Mr. BOIVIN: It helped the small taxpayer.

[Sir George Perley.]

Sir HENRY DRAYTON: To the full extent.

Mr. BOIVIN: To the extent of the normal tax.

Sir HENRY DRAYTON: That is all the small taxpayer is interested in.

Mr. BOIVIN: The tax of 4 per cent was of course what he was interested in.

Sir HENRY DRAYTON: Four per cent or under.

Mr. BOIVIN: No one paid under 4 per cent under the old act.

Sir HENRY DRAYTON: That is quite true.

Mr. BOIVIN: The change is made to meet in part the request of a large number of people in this country who claim that earned income should not pay the same rate as unearned income. Now what is the difference between unearned income and earned income? My good friend the member for Fort William said a few moments ago that practically all income was earned income because it had been earned at some previous time.

Mr. MANION: Yes, I said largely in this country—95 per cent, probably.

Mr. BOIVIN: I agree almost entirely with everything my hon. friend has said, and if he would refer to the capital as being income previously earned, I would agree with him entirely.

Mr. MANION: That is what I meant, of course.

Mr. BOIVIN: But when he states that the income derived from that capital is the same as earned income, I am obliged to disagree with my hon. friend because there is a difference between the cases of the two men that he cited. One man has saved no money and therefore has no capital. The other man has the capital invested from which he derives his income.

Mr. MANION: That is because of one man's thrift and the other man's improvidence.

Mr. BOIVIN: Absolutely, but the capital is the result of the thrift, and we are taxing the capital. We are taxing the income derived from that capital.

Mr. MANION: That is very specious reasoning.

Mr. BOIVIN: It may be specious reasoning but it is nevertheless absolutely true that the accumulated capital is not taxed by this

government. It was not taxed by the former government. Under the income tax act, capital has always been respected. What was taxed was the earning power of that capital or the income derived from it. In this particular case, the man who has the capital invested still has the same means of earning his livelihood as the man who has no capital. That is if both men are of the same age and living under like conditions.

Mr. McGIBBON: Are government annuities and life insurance annuities taxable under this resolution?

Mr. BOIVIN: Government annuities and annuities from life insurance companies are exempt under the old act, and there is no change in that provision.

Mr. CAHAN: I can understand the hon. gentleman making a distinction between earned and unearned income, using the terms "earned income" and "unearned income" in the sense in which he has used them. But why not distinguish as well between earned income, which I understand to be salary or money derived from service, professional or otherwise, and income derived from bonds, debentures or mortgages, which is unearned income? One cause of dissatisfaction is that the government singles out simply one item of unearned income, namely, dividends, and places them in a prejudicial or inferior position, while it does not make a clear distinction between earned income and unearned income in dealing with income derived from bonds, debentures, mortgages and money lent in all sorts of ways.

Mr. BOIVIN: I would like to be able to devise an equitable way of making a difference between revenue derived from bonds and mortgages and revenue derived from salaries, and if I could I would certainly recommend it to council.

Sir HENRY DRAYTON: It has been tried in England.

Mr. BOIVIN: Yes, but there is a distinction only in regard to the first £2,500 of revenue.

Sir HENRY DRAYTON: Which helps the small man whom it is intended to help.

Mr. CAHAN: And in the United States as well.

Mr. BOIVIN: But being unable to do that, being unable satisfactorily to reach that solution and embody it in the legislation, we thought we would be going at least a step in the right direction if we placed earned and unearned income of all kinds on the same basis. I have tried to make provision for the small corporation, but I know my hon. friends are going to argue as they did before that in connection with the large corporation the income is being taxed twice. In framing an income tax act and in determining rates and exemptions it appears to me that ability to pay should be the first consideration. If we bear that in mind it is hard to justify taxing a person who has a certain amount of unearned income at a lower rate than that imposed upon an earned income of the same amount. Ability to pay of a person in receipt of $10,000 a year in the form of dividends is certainly just as great if not greater than that of a person receiving $10,000 a year as wages or salary. The fact that the corporation from which the dividends come has paid a tax does not in any way lessen the ability to pay of the person who receives the dividends. He has the $10,000 net, exactly as the other man has the $10,000 net. Furthermore I think everyone will admit that he has a capital fund already invested and available against his old age, while the man who earns his money may still have to save a considerable portion of it in order to provide against his old age.

If objection is taken to what has by some been called "double taxation" resulting from the proposed amendments, such objection must be based upon the view that the shareholder and the company, while distinct in law, are virtually one in fact. Accepting such a view for the moment, we must admit that taking the corporation and the shareholder together and regarding them as one, this bill provides a reduction of 1½ per cent in favour of the corporation, which reduction must be taken as accruing to the benefit of the shareholder. It is pointed out in passing, to those who may claim that the effect of the bill is that the government is dipping its hand twice into the same pocket, that the justification for the removal of the exemption is that ability of the shareholder to pay must be regarded in the light of the amount actually coming to him as net income.

It has been pointed out that we are going to hurt Canadian industry; that we are going to force capital to invest in the United States or in some other country. I ask hon. gentlemen: Why should a Canadian investor who can place his money in a Canadian corporation upon which the tax is only 9 per cent, go to the United States and place his money in a corporation there where he will be obliged to pay 13 per cent as a company tax upon his investment? It is said that by taxing

dividends of corporations without making allowance for the normal tax we are discouraging investment in Canadian companies. It would be just as well for hon. gentlemen to contend that we would be discouraging investment in Canadian companies if we removed the income tax entirely because then everyone would be placed in exactly the same position—I claim that it is not necessary to be exceedingly patriotic—and we have patriotic Canadians who will invest their money at home—to see that there is a great advantage in investing money in Canada where it pays a tax of only 9 per cent as compared with investing it in the United States where it will have to pay a tax of 13 per cent.

Mr. RYCKMAN: When the 13 per cent is paid, that is the end of it. The government taxes the money twice and the two taxations may mean a great deal more than the 13 per cent.

Mr. BOIVIN: My hon. friend is not correct, because he knows that is not the end of it. When the man receives his dividend from the United States, if he is honest he will report those dividends to the Canadian government and pay the tax upon them just as if he had paid only 9 per cent in this country. In addition to that, if his revenue is large, the United States have a provision that we do not have, and they will tax the dividends there before they are received in Canada by the Canadian who has invested his money there.

The change in the law has enabled us to reduce the company tax. We have reduced it from 10½ per cent to 9 per cent for the purpose of encouraging capital to come and invest in Canada. The hon. member for Pictou (Mr. Cantley) argued a little while ago that a great industrial corporation in Nova Scotia required money to develop it and to enable that corporation to carry on and give employment to Canadians and that it was difficult for him, to invite English capital to come and invest in that corporation because the revenue derived from it would be taxed 9 per cent. It is much less difficult than it would have been last year because if the law had not been amended the earnings of the company would have been taxed 10½ per cent. We have reduced the tax by 1½ per cent.

Mr. CAHAN: Would it not be far better to tax the income of the corporation 13 per cent as is done in the United States and to allow the dividend to be exempt from a certain part of the tax as previously? For instance, every United States citizen who invests in this country—and the United States people have invested in the capital stock of these companies to the extent of say $300,000,000—escapes Canadian taxation entirely under the system proposed by my hon. friend.

Mr. BOIVIN: Who escapes it?

Mr. CAHAN: The American. The company is here in Canada, enjoying the privileges afforded in this country, earning its profits in Canada, and if you make the corporation pay the tax, then the American shareholder has to pay his share of it. It would therefore be far better for the country to make the tax on the company's income 13 per cent, if you will, to be paid by foreigners who own shares in the capital stock of Canadian companies as well by Canadians who hold such shares.

Mr. BOIVIN: My hon. friend should at least agree with his associate from Pictou.

Mr. CAHAN: Not necessarily.

Mr. BOIVIN: Such agreement would be necessary for the sake of peace and harmony on the other side. My hon. friend from Pictou has just argued that we cannot get British capital to invest in Nova Scotia for a specific purpose owing to the fact that the tax is already too high at 9 per cent, and now the hon. member wants to make it 13 per cent.

Mr. CAHAN: I am not discussing the question with the hon. member for Pictou. I am discussing it as a fair proposition for the consideration of the minister, and I suggest that if his technical advisers will look into it they will find that, for the great majority of the Canadian people, to impose a tax of 13 per cent on the income of the company, with exemption in respect of dividends, as we have it at present, would be better than the proposition which is now submitted to us whereby the larger tax is placed upon Canadian dividends. And that applies to dividends running from $3,000 up. I have in my office a letter from a respected Methodist clergyman, now advanced in years, who out of the paltry income received by men of his calling has saved a certain amount. He is now retiring, and as it happens he has certain persons dependent upon him. All that he has saved in a lifetime he has invested, and as he points out his taxation is now increased three times.

Mr. BOIVIN: I am at a loss to know how to answer hon. gentlement opposite in view of the divergence in their opinions. One of the anomalies which the government attempted to correct in introducing the law now proposed was the enormous difference in income paid as between those who worked for salaries, those who derived their revenues from mortgages

and bonds, and those whose incomes came from dividends obtained from joint stock companies and corporations. Let me tell the Canadian people—what the majority of them do not know—that under the old law, the man who received an income of $10,000 which he earned as the executive of a great corporation or as an employee of the government, devoting sixteen hours a day to his duties—

Sir HENRY DRAYTON: It could not be the government.

Mr. BOIVIN: Yes, there are very many efficient employees in the civil service. They work sixteen and eighteen hours a day and render valuable service to the country. Under the old law such a public servant who earned $10,000 per annum, was obliged to pay $619.50 in income tax, while some other man who had enough capital to be able to purchase stock in the Bank of Montreal, or in the Canadian Pacific Railway Company, or in any other Canadian company, and who derived an income of $10,000 yearly without doing a stroke of work, paid only $115.50. That was the former law. Was it a fair one?

Mr. CAHAN: That is not a fair statement of the old law.

Mr. BOIVIN: It is an absolutely fair statement.

Mr. CAHAN: No.

Mr. BOIVIN: It is an absolutely true statement and one which no hon. member can deny.

Mr. CAHAN: It is unfair and untrue and it is unworthy of the hon. member who makes it.

Some hon. MEMBERS: Hear, hear.

Mr. BOIVIN: I am glad that my hon. friend can find some satisfaction in characterizing the statement as unworthy, and so getting some applause.

Mr. CAHAN: Certainly it is unworthy.

Mr. BOIVIN: It is based upon figures that are absolutely true.

Mr. CAHAN: Not in their implication.

Mr. BOIVIN: The man who derived $10,000 in dividends from a Canadian corporation paid formerly only $115.50 in taxation, whereas the man who earned the same amount in salary paid $619.50.

Mr. CAHAN: I will explain why I say that the statement is unworthy of the minister, who is usually fair. He is not fair in this instance because he unconsciously conceals the fact that the man receiving that dividend which he has mentioned has already paid 9½ per cent on his share of the capital.

Mr. BOIVIN: Will the hon. gentleman tell me right now whether the Bank of Montreal and the Canadian Pacific Railway have not paid just as much in dividends since they have paid income tax as they did before?

Mr. CAHAN: If I were to characterize that statement by the common American expression, I should say that it was clear, sheer bluff, deceiving, though not intentionally—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Take it back.

Mr. CAHAN: I do not take that back.

Some hon. MEMBERS: Withdraw.

The CHAIRMAN: The hon. gentleman said that the minister was deceiving—

Mr. CAHAN: No; I said that the statement was deceptive in tendency although the minister did not intend to deceive.

The CHAIRMAN: Order. The hon. member made the statement that the minister was trying to deceive the committee.

Mr. CAHAN: No, I did not.

The CHAIRMAN: I must ask him to withdraw that statement.

Mr. CAHAN: I did not say that.

Mr. MANION: Mr. Chairman,—

Some hon. MEMBERS: Order.

Mr. MANION: I am rising to a point of order.

The CHAIRMAN: There is no point of order. The hon. member for St. Lawrence-St. George can take care of himself.

Mr. MANION: I was going to submit respectfully, Mr. Chairman, that you had misunderstood the hon. member. With all deference to the Chair, I heard the member for St. Lawrence-St. George say distinctly that the minister did not intend to deceive.

The CHAIRMAN: He said that afterwards.

Mr. MANION: No.

The CHAIRMAN: Order. There is no need of these interruptions at all. The hon. member for St. Lawrence-St. George is well able to take care of himself, and if there is any difference of opinion between the Chairman and him I shall be quite willing to adjust it.

Mr. CAHAN: Mr. Chairman, if I had said what you understood me to say I would certainly take it back and apologize.

The CHAIRMAN: Then I apologize to the hon. member for misunderstanding him.

Mr. CAHAN: I would be the last one in the world to make any such statement with regard to the hon. Minister of Customs, and he knows it well. I was simply endeavouring to say that although there was no intention on his part to deceive, the statement, I thought, had certain deceptive tendencies by reason of its implications. I think that is true. I say to him again that if the Bank of Montreal or the Canadian Pacific Railway were relieved of the 9½ per cent tax which they pay as companies, certainly their dividends to their shareholders would be correspondingly increased.

Mr. BOIVIN: I am very glad to hear the hon. member make that statement. It may go to hon. members and to the people for what it is worth. He says that the Canadian Pacific Railway and the Bank of Montreal, if they were relieved of the 9½ per cent taxation, would immediately pass that taxation on to their shareholders in the form of dividends. My hon. friend knows too well that that would not be the case.

Mr. CAHAN: I believe it to be so.

Mr. BOIVIN: He knows the companies would give some benefit to those who are dealing with them, he knows they would give some benefit to their employees, he knows that everybody would benefit to a certain extent if the companies were not obliged to pay that taxation; but he knows that it would not go direct to the shareholders. I was trying to point out that the dividends paid by these corporations now and formerly are the same. It is quite true that the amount carried to reserve may be a little bit less, and that what they charge to the consuming public may be a little bit more, but everyone will admit that the shareholder does not lose any part of the capital that he invested in the company. It is not impaired in any way. He gets $10,000 upon that capital as revenue, and I say he should pay as much upon that revenue as the man who goes out and earns the same amount of $10,000.

Mr. CAHAN: It is a difference of opinion as to whether it is fair or unfair, but you cannot convince me that the payment by the company of 9½ per cent of its income to the federal treasury does not deprive its shareholders of the corresponding benefit; whether it goes into dividends directly declared or whether a part of it goes into reserve, it is for the benefit of the shareholders; and always, or almost always, unless there is something prejudicial to the standing of the company, the increased reserve shows in the market a corresponding increase in the value of the shares. Certainly the benefit goes directly or indirectly to the shareholders for every dollar of taxation of which the company is relieved.

Mr. BOIVIN: Why did my hon. friend argue immediately after eight o'clock that public utility corporations could not pay income tax to the government without passing it on to their consumers?

Mr. CAHAN: Because they are in an entirely different position.

Mr. BOIVIN: Will my hon. friend show me exactly where to draw the line between the company that passes on its income taxation to its consumers and the company that does not?

Mr. CAHAN: Yes, I think I can fairly well define it, and I thought I had defined it early in the evening when I was so grossly misunderstood by one of the members for Toronto. I was not then dealing with public service corporations as such in Toronto or in Ontario—that province may do as it pleases—but with the public service corporation whose entire income is subject to the rulings of a public service commission, the public service commission allows such a company certain rates in order that it may pay its operating expenses and interest upon its bonds and debentures outstanding, plus a certain reasonable dividend to its shareholders. If that corporation is compelled to pay a tax on its income to the federal government in Canada, the public service commission in every case allows an extra charge per lamp or per horsepower, which is paid by the consumer. Therefore the two companies are on an entirely different basis. The income of the ordinary commercial company is due to its earning power and the activity of its management; but the income of the public service corporation which is under the control of a public service commission is due to the decision of that commission to take into consideration the entire outlay of the company.

Sir HENRY DRAYTON: I would point out that the hon. minister might have saved us a great deal of discussion if he had told us that he recognized, in part at least, the injustice which we have been complaining of.

Mr. BOIVIN: But I did as soon as I was given an opportunity to speak.

Sir HENRY DRAYTON: Oh no, my hon. friend is not quite disingenuous there. I think he is going to work up a Machiavellian reputation if he continues along those lines. He may think it is going to pay him to do so, but it is not always a good reputation.

Mr. BOIVIN: It is a very poor reputation.

Sir HENRY DRAYTON: If he had told us at the commencement that he recognized double taxation to be wrong, and was going to try to get rid of it where he could, I think we might very well look after the consideration of that factor when the bill is before us. But I would point out to my hon. friend that he again is approaching Signor Machiavelli when he says that this amendment is drawn for the purpose of meeting what is said by some to be the necessity of making a difference between earned incomes and incomes from investment, because it is not so. My hon. friend will not find—if I am wrong I will be very much obliged if he will point it out to me—a single resolution doing it. My hon. friend is simply saying: Well, here is a man with his interest on his bond; he is not working for it, but he will be taxed no more than the man who is working for his income; and there is the other man with his mortgage interest, he is not to be taxed any more; but the other man who has a little factory down the street, which he has incorporated and is employing a hundred men, is going to pay more unless it can be shown by my bill that it is a family concern, and then we will allow him to elect to be taxed as a shareholder. There is no real honest attempt made here to get rid of what my hon. friend has said is the real reason for what is being done, namely, that the man who is working from day to day cannot always go on doing so; he has no capital behind him to fall back upon. If that had been the attempt, the government should have adopted the English experiment which was tried out and which is, I believe, still maintained in the lower registers. They do not think it is necessary when you get to the very large incomes, but they do think it the proper thing to do with the smaller incomes, and they do think there is no real reason why English money invested in industry should be penalized as against English money invested in bonds or in anything else. They look after the case; my hon. friend is not looking after it. He does so to a certain extent in connection with these investments but, I think, with rather unfortunate implications.

I hope my hon. friend is going to give just a little more thought to that point which has been impressed upon him more particularly by the hon. member for Argenteuil (Sir George Perley). After all, what we want here is investment in enterprise; I think my hon. friend will agree with that statement at once, and he will agree that enterprise is risky enough at all times. We all know that there is no good argument why in any particular period of Canadian industry enterprise has been most hazardous; it is still too hazardous, and we have lots of failures. It is easy to talk about the large, successful companies, with their big earnings, but that is not what we are interested in. My hon. friend is not doing much harm to these large public service corporations. The real danger is that the commencement of Canadian enterprise is going to have a further check placed upon it. I do not know whether my hon. friend has ever tried it, but it is very difficult to-day to get capital for any new enterprise. In this connection, I would like to point out that while my hon. friend has very cleverly held the hon. member for St. Lawrence-St. George to the text of his argument upon one particular point, my hon. friend has departed from his own text. In the first instance my hon. friend's idea was that it did not matter a bit to the shareholders what the company tax was. His income was the same; everything was the same and there was not the slightest difference.

Mr. BOIVIN: In connection with the large corporations I still maintain that.

Sir HENRY DRAYTON: But what did my hon. friend say a short time ago? He made an eloquent argument to the effect that he had immeasurably helped the shareholders, new investors and so on, because the company tax—which, of course, did not hurt the shareholders at all—was nine per cent in Canada as against thirteen per cent in the United States. The truth is that the shareholder is interested in the tax; my hon. friend's second position was right but his first was wrong. The shareholders are interested, and I think it is a good thing to have the tax lower than the American tax, because we want capital here.

Then I want my hon. friend to give us some information, so that we may have it before us when the bill comes up. We have collected from these corporations $31,000,000; the whole of those dividends will not be subject to the double tax, but only that part which is distributed. I would like my hon. friend to tell me first what the dividends of Canadian companies are. I made a rough

estimate myself; it could not perhaps be called an estimate but it is more or less of a guess, because I did not have the material before me. But I think it would be fair to say that the total would be about $250,000,000 a year.

Mr. BOIVIN: I should say it would be about $295,000,000.

Sir HENRY DRAYTON: I am glad to know that my estimate was within the mark. Then I would like to know how much of these dividends was paid to Canadian citizens, because as I understand it the double tax only applies in the case of Canadian citizens. There is no attempt made to tax dividends paid to foreigners, so while we are considering this double tax it is necessary for us to know just what the calculation is as to how much is paid the Canadian shareholder. My calculation there was again a very rough and ready one; it was more a hope than anything else that notwithstanding what has been going on in this country for the last two years, Canadians still owned enough of their own to have perhaps half of their own dividends. Therefore I put that figure at $125,000,000. Perhaps my hon. friend would be kind enough to check that figure also.

Mr. BOIVIN: I will have that looked into; it is impossible to give the exact amount, of course, without going through the income tax returns of all Canadian citizens. But I want to point out to my hon. friend that his statement was correct in every respect but one. He said that the dividends paid to foreigners were not taxed and paid no income tax in this country; that is quite right. On the other hand he said that we are penalizing our own people in collecting taxes from the Canadian shareholder and not from the outsider. If he will add a proviso that all Canadians who recevie dividends from Canadian companies and whose total revenue is less than $3,000 a year—and their number is legion—pay no tax, I will admit that he is right.

Sir HENRY DRAYTON: Does my hon. friend think that the bulk of the dividends go to the lower registers?

Mr. BOIVIN: I would not say that, but I think a large proportion does.

Sir GEORGE PERLEY: I wonder if the minister would not leave this item over for further consideration. I submit that in his argument with regard to the dividends from companies such as the Canadian Pacific Railway and the Bank of Montreal there is a very distinct weakness. If all companies were as strong as the two he has mentioned our position would be a great deal better, but many of us have had the experience of losing money invested in different companies, and the risk of investment has to be taken into consideration. We must take the good with the bad, and the minister must not argue only from companies which have been successful. I am afraid that this resolution in its present form will drive Canadian capital into bonds and mortgages, and it will be difficult or impossible to keep up the supply of money to support new industries in this country.

Mr. BOIVIN: My hon. friend is right, and the only serious objection to the present measure is that it may change the means of financing in Canada, and may cause companies to endeavour to obtain more money from bonds and less through the sale of preferred stock. I do not think that is a good thing, and if it could be avoided I would certainly do so. I do not want to resist the request that this particular clause be allowed to stand, but I would undertake that the bill will not be presented to parliament for its second reading until at least Tuesday of next week. We will give that time for consideration of the matter, and I hope hon. members on the other side of the House will let us pass the resolutions and get the bill printed and brought before parliament.

Sir HENRY DRAYTON: We should have a copy of the bill.

Mr. BOIVIN: We will endeavour to have it distributed to-morrow.

Sir GEORGE PERLEY: I am content with that if the minister will really try to find a way out of this difficulty.

Mr. BOIVIN: I have already expressed a desire to meet my hon. friend from Argenteuil, but whether I have that privilege and pleasure or not, I shall take the matter up with the Minister of Finance, with whom he has already communicated, and with the officials of the department, and see if some way cannot be found to meet what I consider to be the one objection to the resolution as it stands.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7.

Mr. CAHAN: I conceive that this applies simply to a company which has investments in securities, but it might be an investment

in a great number of things, and I think that the term "investments" should be defined in the bill so as to restrict it to securities.

Mr. BOIVIN: The word "investment" will be defined in the bill.

Mr. CAHAN: That is quite satisfactory.

Section agreed to.

On section 8.

Sir HENRY DRAYTON: I think this should be explained pretty fully.

Mr. BOIVIN: The idea of this clause is this: It relates especially to real estate. There are a large number of persons throughout Canada who are in the habit of investing their surplus profits in real estate, which they buy in a certain section of a city for the purpose of reaping a handsome profit by selling it later on. My hon. friend knows that with the exception of the real estate agent, and for him, of course, it is his principal business, the profit made on the sale of real estate is not taxable under the act. We feel that if the profit to be made on real estate is not to be taxed, then the carrying charges on that real estate should not be deducted.

Sir HENRY DRAYTON: Could not that be made a little clearer? I would not object to that provision in the slightest. As a matter of fact I thought that was the law now. I know I was foolish enough some fifteen years ago to buy a piece of property that I have been trying to sell and on which I have been paying taxes ever since, and I never made any claim for deduction.

Mr. BOIVIN: Under the existing practice the person who has purchased real estate which does not produce any revenue at all, for example, a vacant lot, or stocks even upon which no dividends are paid, has been permitted to deduct the carrying charges from his income derived from other sources. When the vacant lot or unproductive stock was sold at a profit, he was not taxed upon the profit he made, unless, of course, he was a real estate agent dealing in property.

Mr. CAHAN: What does the term "carrying charges" include?

Mr. BOIVIN: It includes the interest upon a mortgage to carry the property, taxes, and in the case of buildings, the insurance.

Mr. CAHAN: Might I suggest just a word there? If it includes interest, it seems to me unfair. Supposing I have a $5,000 Dominion government bond upon which I am receiving interest. It is not a tax free bond. Supposing I bought a piece of land on which I owed a $5,000 mortgage. I do not think you should compel me to dispose of the $5,000 Dominion government bond to pay off that mortgage, but I think the interest on the mortgage is a fair offset as against the interest on the bond which I receive.

Mr. MANION: Might I ask the minister this? I know that in the past taxes would be allowed on vacant property. Supposing at the present time, under this new act, a man has some rent coming in upon which he would have to pay income tax with the rest of his income, and suppose that in addition he has some vacant property in the same city. Would not the taxes on that vacant real estate be permitted as a deduction from the occupied real estate?

Mr. BOIVIN: If that real estate was purchased for the purpose of renting and was accidentally unrented, it would; but if the real estate is vacant real estate which was purchased and is being held for speculation only—

Mr. MANION: I am afraid the minister has not understood my question. Supposing a man owns a building from which he is getting rentals of $5,000 a year. That income goes in with the rest of his income and is taxed. Supposing that, in addition, in the same city he has a number of pieces of vacant property on which he is paying taxes of say $1,000 a year. In the past that $1,000, taxes on the vacant property, as well as the taxes on the rented property, would be offset as against the rent coming in from his property. Under this new provision would the taxes on vacant property be offset in the same way as in the past? If not, I think that would be absolutely unfair, and I will tell you why. All through the western country, right from the lakes to the coast, more than in the east, there are many people who before an income tax ever existed in this country went into real estate, and in many cases plunged over their heads. Many of them to-day have, we will say, five or six blocks of property; they are property poor. Some have let their land go, but we will say that a man has tried to hang on, and is hanging on to five pieces of property, one bringing him in an income, clear of taxes, we will say, of $1,000 a year. His taxes on the other vacant pieces of property are $1,000 a year. He has been carrying all these properties. Certainly he is not coming out even anyhow, because he is losing the interest on his investment, and the

value of the property must have dropped if he bought it at the peak of the boom. It would appear to me that the taxes on the vacant property should be offset against the income from the property which is giving him some return.

Mr. BOYS: Have the carrying charges or expenses of unproductive property been allowed in the past as deductions? If so, I was going to ask if it is now too late for me to make a claim in that connection, because I am out considerable change if that is so. I can quite understand that perhaps it should not be so. So far as taxes are concerned, I would suggest to the minister that they should be deducted. If a person has land and is paying taxes upon it, it seems reasonable that he should be allowed to deduct same; otherwise you have another case of double taxation. I would like an answer to my first question, however, because I certainly have not been making these deductions, and if they are allowed I am out a very considerable sum of money in the last four or five years.

An hon. MEMBER: Me too.

Mr. BOYS: There are others, I have no doubt, and I wish them well.

Mr. BOIVIN: The practice up to the present time, so I am informed, has been to allow the carrying charges except in the case where they were charged against the revenue derived from the chief business, trade, profession or occupation of the taxpayer; in other words, the carrying charges on vacant property would not be deducted from the chief revenue of the taxpayer, that is, from the revenue derived from his chief line of business. But if he had what is called secondary revenue, those carrying charges would be deducted.

Sir HENRY DRAYTON: That seems fair.

Mr. BOIVIN: It is felt that in the case of an investment in vacant lots for investment purposes, if no tax is to be paid upon the profit made when the property is sold no deduction should be made for carrying charges.

Mr. MANION: Or the loss.

Mr. BOIVIN: It cuts both ways.

Mr. BURY: Does the minister draw a distinction between a vacant lot and a block of buildings? Both may be bought for investment purposes and with the idea that in process of time the lots and the block will go up in value. How can the minister draw a distinction?

[Mr. Manion.]

Mr. BOIVIN: As a rule the rentals derived from the buildings in the block form part of the revenue of the owner. He pays income tax upon the rentals so derived and therefore is entitled to deduct the taxation which he pays.

Sir HENRY DRAYTON: That would not be an unproductive asset.

Mr. BOIVIN: No.

Mr. BOYS: Do the interest charges include interest upon the investment, or only where there is an outstanding mortgage?

Mr. BOIVIN: Only where there is an outstanding obligation.

Mr. BOYS: I would ask the minister to consider the question of the taxes the owner has to pay. Why make him pay this tax and also an income tax upon his rental?

Mr. BOIVIN: The reason is that in a great many cases the tax is not paid by the owner but by the tenant. If we carry out my hon. friend's suggestion we would be obliged to deduct from the tenant's income the amount that he pays as rental for the house in which he lives, and that would cause, perhaps, a great many difficulties in the way of administration. If you are going to exempt the householder and deduct the amount he is taxed for the property which he occupies, you certainly must deduct the amount paid by the tenant of a neighbouring property from which the property owner pays his taxes. It really would be a difficult matter to control.

Mr. BOYS: I really cannot see that the matter is involved at all. Surely no man is going to say he is paying taxes when he is not actually doing so. If I make a return and say that I paid $55 in taxes, I actually pay that money myself, it is not somebody else who pays.

Mr. BOIVIN: Does my hon. friend refer to unproductive property or to the property where the individual taxpayer would reside?

Mr. BOYS: I was referring to what the minister suggested; he himself raised the point.

Mr. BOIVIN: If my hon. friend is referring only to the tax paid on unproductive property—

Mr. BOYS: That is what I am referring to.

Mr. BOIVIN: I claim these taxes should not be allowed. The longer the property is held, the more it increases in value.

Some hon. MEMBERS: Oh, no.

Mr. BOIVIN: I will not say always.

Mr. BOYS: I am glad that is your experience; it is not mine.

Sir HENRY DRAYTON: It is very much the reverse with me.

Mr. BURY: If that is the principle upon which the minister bases his position the same is true whether the property is a vacant lot or block.

Mr. MANION: There are thousands of cases through the western country—I doubt whether any professional or business men who were there fifteen years ago and are still there to-day are not more or less in the position that I am pointing out—where those who had a little money invested it in real estate and lost almost all their capital investment. In many cases they still hold on to two pieces of property, perhaps drawing rent from one and paying taxes upon the other, but it is really all one investmenat in real estate. Surely the minister will consider such a case as that—and there are many—and allow the taxes paid on the vacant property to offset the rent the owner is drawing from the other property.

Mr. BOIVIN: Apart from the general reduction made under the law the idea of the government in carrying out the wishes expressed by the officials of the department was to tighten up the act and prevent abuse as much as possible. We felt that everyone who has a revenue upon which he should pay taxation should be obliged to pay. I think we all agree upon that point.

Mr. MANION: But if he is getting $1,000 from one piece of property and paying a tax of a like amount on the other piece he has no revenue.

Mr. BOIVIN: I was not referring to the special case mentioned by my hon. friend, but the general purpose of the resolutions we are now considering is to tighten up the legislation and oblige everybody to pay taxes who should pay them. It is true there are certain cases like the one pointed out by my hon. friend from Fort William where hardship may be caused. That matter is well worth considering and it will be considered before the bill is read a second time.

Mr. MANION: That is all I ask.

Mr. BOIVIN: We are endeavouring to prevent people from evading the payment of taxes. I do not refer to old time investments but to investments made to-day in growing communities, in sections where, for example, one knows there will be industrial development. We want to cover the case of those who may invest their money there for two or three years and claim deduction for the carrying charges.

Mr. HANSON: Would the minister point out some of these communities? I should like to know where they are.

Mr. BOIVIN: Yes, in the lake St. John district, in the province of Quebec, I understand there is a community to be opened where the population will be at least 30,000, and where over 6,000 people will be employed in electrical development.

Sir HENRY DRAYTON: Apparently so far as the main income of a taxpayer is concerned, no deductions of any kind can be made.

Mr. BOIVIN: Except the deduction of the necessary expenditure incurred in that particular business.

Sir HENRY DRAYTON: In connection with the main activity, or the main income of the taxpayer, there will be no deductions whatever. But he may have a floating speculative income outside of his main business. In that case why should not his obligations in respect of that come out of the income which is not his regular income?

Mr. BOIVIN: If my hon. friend is willing, the bill to be introduced can be so amended that when the property is sold the entire profit shall be taxable. If a man has a revenue, apart from his main occupation, sufficiently large to enable him to speculate in real estate, surely he ought to pay taxation on that real estate without asking for a reduction.

Mr. CAHAN: I should like to bring this point to the attention of the minister: Supposing I myself have a piece of
11 p.m. unproductive property. There was a time when it was productive but values have declined. It is unproductive now and I am holding on to it. It is not an investment for the sake of escaping taxation. I have a mortgage on it, and I have been paying 6 per cent interest for years to the holder of the mortgage. On the other hand, outside of my business or profession altogether, I hold a mortgage of $6,000 upon another piece of unproductive property. I understand that prior to the present time if both those transactions were outside my ordinary profession or business I could set off the interest which I paid on the mortgage I owed against the interest which I re-

ceived on the mortgage I held. I think that should be continued. Let me put it in another way. I own $10,000 worth of Dominion government bonds and I have a mortgage outstanding of $10,000 on a piece of property I own which is not bringing in any income. I can sell the bonds and wipe out the mortgage and then income and expenditure are wiped out at the same time. But if I hold the bonds which are outside of my business I should be entitled to offset the income which I receive on the $10,000 six per cent bonds against the interest I am paying on the mortgage outstanding on my property. That has been the custom of the department and I do not think it should be changed.

Mr. BOIVIN: I admit it seems quite reasonable to allow any man to offset interest which he pays on a mortgage against interest which he receives on a mortgage.

Sir EUGENE FISET: Surely the same thing should apply to taxes paid on vacant land.

Mr. BOIVIN: I am inclined to also agree with my hon. friend from Rimouski, but I say this: when land is purchased for the purpose of speculation the tax must be paid and should only be deducted if that land is held by a real estate speculator or by some person who is liable to pay income taxation on the profit realized from the sale of that land.

Sir EUGENE FISET: I am talking about the individual who owns a piece of land upon which he has been paying municipal taxation for a number of years and who is holding the land, I will not say for his benefit or profit, but because he cannot help it.

Mr. BOIVIN: I realize that many cases might be brought up in connection with this particular clause which could be termed as cases of hardship. I am informed that the clause had to be inserted in the resolution in order to prevent the many abuses which had grown up under the law whereby people were taking their capital and investing it in real estate, claiming exemption for taxes paid on that real estate, and then selling the real estate and pocketing the profits.

Mr. BOYS: They take their chance. Sometimes they win and sometimes they lose.

Mr. HANSON: This goes a great deal further than that. This is any non-productive property such as non-dividend paying stock. Sometimes a man has some loose change and he buys a few shares of stock on margin. It may be a non-dividend paying stock. Heretofore he has been allowed to charge up interest he has to pay the bank or the broker for carrying that stock. After this he will not be able to do so.

Sir HENRY DRAYTON: Not from regular income.

Mr. BOIVIN: He has not been allowed in the past to deduct that interest from his regular income.

Mr. HANSON: No, but he has been able to do it out of other extraneous income.

Mr. BOIVIN: Yes.

Mr. HANSON: This will wipe that out.

Sir HENRY DRAYTON: What about the last question? Could this not be confined to the real evil the minister is aiming at, namely, new investments in real estate for the purpose of withdrawing money from taxation? I am quite content to say "carried" if it is so confined and I think everybody will be content.

Mr. BOIVIN: I can assure my hon. friend that the matter will be taken up, and if it is possible to draft a clause which will do away with the difficulty and the abuse without imposing any hardship, it will certainly be done.

Sir HENRY DRAYTON: And confined to the real estate trouble.

Mr. BOIVIN: Yes.

Section agreed to.

On section 9.

Sir HENRY DRAYTON: We should have a little explanation about this.

Mr. BOIVIN: In the case of a corporation whose stock is substantially held by one man or by a family or by a small group of persons, it is a common practice, although I think it is contrary to the Companies Act, for the shareholders to take out what money they require for their personal wants—

Sir HENRY DRAYTON: If my hon. friend limits it to private companies that is all right, but this is not so limited.

Mr. BOIVIN: That is the intention and it will be so limited in the bill.

Section agreed to.

On section 10.

Mr. CAHAN: I think there is something wrong about this section. Let us take the case of stock which is purchased at a premium on the market. It is the stock of a Canadian company; it has undistributed

assets over and above the capital, and I buy it in the public market at, say 150. Section 10 provides:

That where a corporation having undistributed income on hand reduces its capital stock, then to the extent that such corporation has on hand undistributed income the amount received by the shareholder by virtue of the reduction of the capital shall be deemed to be a dividend and to be income received by the shareholder.

Therefore, if I buy stock at a premium and subsequently there is a reduction in the capital stock so that the premium which I have paid for in full comes back to me, I have to pay income tax upon it as if it were annual income received. If I may be allowed to refer to section 11—because they might well be discussed together—it reads:

That where a corporation having undistributed income on hand redeems its shares at a premium the premium shall be deemed to be a dividend and to be income received by the shareholder.

I have bought the shares in the market at 150. I have not gone beyond 150 because the shares are redeemable by the company at 150. After I have paid the full price of 150 in the market for the stock the company redeems the shares at 150 and the $50 which I receive is taxed as being ordinary income.

Sir HENRY DRAYTON: Your own money back?

Mr. CAHAN: Yes. I think that should be considered or it will absolutely prevent the buying of stock selling at a premium which is redeemable by the company.

Mr. HANSON: The objection taken by the hon. member is absolutely sound, but his illustration is perhaps a little extreme. It might be illustrated by taking the case of seven per cent redeemable preferred shares in an industrial company. Those shares are practically bonds, the only difference being that they do not have a mortgage as security. They are really a second charge on the assets of the company. The practice now is almost invariably to permit a company to redeem those shares on the promise of a premium of seven or eight per cent, whatever the interest rate may be. They are a form of second mortgage bonds and it is always the intention of an industrial company that issues that class of security to redeem those shares out of undivided profits. It is another form of borrowing. They have to make this provision in the by-laws creating those shares in order to make them marketable, saleable, to get a decent capital sum to invest in the company when they issue the shares. In addition they have to pay the carrying charges while the shares are outstanding. I buy a seven per cent redeemable preferred share at a premium. The company redeems the stock at a premium after a period of years, and yet I have to pay not only on the income I have received in the interim but, as well, on the premium I received from the company when it redeemed the stock. That is not fair.

Mr. BOIVIN: It was not intended that this clause should apply to stock which was made redeemable and preferred at the time of its issue.

Mr. HANSON: Then I suggest that the point should be made clear.

Mr. BOIVIN: We want to obviate the practice, followed by certain corporations, of escaping the payment of taxation by allowing their profits to remain as reserve for a year or two and then distributing those profits in other ways than in the form of dividends to shareholders, as for instance, by the purchase of stock at a premium, or by redeeming capital stock for more than its value at the time it was sold.

Mr. HANSON: I can understand that there might be a very grave abuse in connection with private companies, and if that is what the minister has in mind I suggest that the language of the resolution is not sufficiently clear to cover the case I tried to outline to him. I would ask him to give consideration to that phase of the question, because if he does not, and if this resolution is crystallized into legislation, he will be doing a real injustice.

Mr. BOIVIN: The commissioner of taxation has made a note of my hon. friend's remarks and he will endeavour to make the clause sufficiently clear to cover the point raised.

Sir HENRY DRAYTON: Perhaps it would save time if the minister would tell us just what evil is aimed at. Sometimes, in the effort to avoid a slight difficulty here and some little trouble there, we pass legislation which in the long run turns out to be more mischievous than the evil we sought to get rid of. I can quite understand that there might be a perfectly fair and proper return of capital which ought not to be taxed, even though there might be a surplus on hand. Take the case of a company which has a dual activity. Let us say that such a company has half a million invested in one enterprise and half a million in another. It is all the same stock in the same company. There is

also a reserve of $200,000. Owing to trade developments the company decides to retire from one of these activities, and is fortunate enough to realize on its assets which it had devoted to that branch of the business. It gets that half million. Under this proposed legislation the whole of that sum will be taxed as profits.

Mr. BOIVIN: Only the surplus.

Sir HENRY DRAYTON: It is not so stated. It may be that the surplus is left in; they want the whole of that $200,000 of reserve to stand behind the remaining business which they are carrying on. But the $500,000 which they have withdrawn is taxable under this legislation.

Mr. BOIVIN: Why should they not leave the capital in and withdraw the surplus rather than leave the surplus in and withdraw the capital?

Sir HENRY DRAYTON: I do not think the minister quite followed me. I cited the case of a company engaged in two activities, one of which was not remunerative. They wanted to withdraw from it and were fortunate enough to realize their assets without loss, although they thought it advisable to hang on to the whole of the reserve. Under this legislation the entire $500,000 of capital which they have withdrawn is taxable as profit. Let us take another case. Suppose you have a company with a capital of $500,000 and a reserve of $100,000, the company thinks it can get along with a capitalization of $400,000 and accordingly it contracts its activities. That $100,000 which it returns is all taxable as profits. The next year the same thing happens, and again, and again. At the end of that time they have $100,000 of a reserve with only $100,000 of stock, while $400,000 has been taxable as profits. Surely that cannot be the intention of the resolution; yet that is what it contemplates as at present drafted.

Mr. BOIVIN: That was not the intention.

Sir HENRY DRAYTON: The resolution has that effect and it is clearly ridiculous.

Mr. BOYS: Surely where the distribution reduces the assets it should not be taxed.

Mr. BOIVIN: No.

Mr. BOYS: But that is what happens in the case suggested by my hon. friend.

Mr. BOIVIN: In the case suggested by the hon. member (Sir Henry Drayton) the capital is withdrawn, but the surplus remains and is not taxable. Is that fair?

[Sir Henry Drayton.]

Sir HENRY DRAYTON: It is taxable as soon as it is withdrawn.

Mr. BOIVIN: But it will always remain as capital and will not be withdrawn. If it were not for the Income War Tax Act the surplus would have been taken out and distributed and the capital would have been retained; to evade the act the company draws out the capital and leaves the surplus in.

Sir HENRY DRAYTON: Not of necessity.

Mr. BOIVIN: It is desirable to guard against such a practice.

Sir HENRY DRAYTON: I understand that my hon. friend has a real grievance which he wants to put an end to, and we could better grapple with it if we knew just what it was. I suggest, therefore, that it will be far better to have the section clearly worded rather than to pass an omnibus provision of this kind which will not work out fairly under such circumstances as I suggest. If the provision were to apply only to profits I would not offer so much objection to the clause.

Mr. BOIVIN: We shall have to reconsider it before the bill is adopted.

The CHAIRMAN: Shall sections 10 and 11 carry?

Sir HENRY DRAYTON: Yes, subject to that understanding.

Sections 10 and 11 agreed to.

On section 12.

Sir GEORGE PERLEY: Has this also to do with private corporations?

Mr. BOIVIN: In its present form it would apply to every corporation.

Mr. HANSON: Will the minister give us some explanation as to why this legislation is demanded? I am interested in it.

Mr. BOIVIN: There is a very easy method by which shareholders of closely held corporations can avoid payment of the old supertaxes and of the proposed income tax. Suppose that one company has a capital of $100,000 and undistributed profits amounting to $75,000 and the sole shareholder desires to get that $75,000 into his pocket free of supertax or any other taxation. He promotes another company, which we will call company B, and he sells his stock in the original company, which we will call company A, to company B for $175,000 for $75,000 cash and the stock of company B. As soon as the stock

of company A stands in the name of company B, the first company declares a dividend of $75,000, and the second company gets it and hands it over to the shareholder in liquidation of its liability to him. He then puts that $75,000 in his pocket and all the stock of company B, through which he still controls company A just as he did before. There are many other ways in which this device can be used. The purpose of the proposed amendment is to tax dividends in the hands of a shareholder, even although they are received by his dummy company and come to him as capital in a technical sense. Paragraphs (a), (b) and (c) of this proposed amendment deal with three different cases in which the device referred to may be used. Paragraph (a) deals with a straight case of an agreement between the shareholder and the dummy company, where the dummy company on receipt of the dividend hands it over directly to the shareholder in settlement of its liability. Paragraph (b) deals with the case where the dummy company, in order to be in a position to say that it does not apply the dividend directly in payment of the purchase price of the shares, has altered the form of its original liability for the purchase price to some new form of liability. Paragraph (c) deals with the case where the dummy company, in order to be able to say that it has not applied the dividend in payment of the shares, has at the time of the purchase of the shares borrowed money from the bank or from some other source and uses the dividend when received to extinguish that liability.

Mr. GEARY: Mr. Chairman, perhaps I do not understand at the moment what the hon. minister said any better than he himself does. I would suggest that having his statement on Hansard would enable us to study it, and in the meantime the clause might very well stand. It is a bit involved, as the minister will no doubt admit.

Mr. BOIVIN: Yes, it is involved.

Mr. HANSON: Is this practice which the minister seeks to discourage of recent growth? I understand that such companies have existed since 1917 with the full knowledge—I was almost going to say the approval—of the department. I think I am correct in saying that this condition has been well known to the commissioner and his staff for many years, almost since the inception of the act itself, but they have never raised any objection until now. What is the particular abuse at this moment that necessitates this legislation?

Mr. BOIVIN: I think my hon. friend will admit it is an evil which it is worth while attempting to cure.

Mr. HANSON: You have one income tax on the profits of the company now.

Mr. BOIVIN: If we were sure of getting the proper income tax it would not be so bad, but while it is true that a few of these personal corporations were established several years ago, I can assure my hon. friend there is no greater pastime for many able lawyers in Canada than to devise ways and means for their clients to evade payment of income tax.

Mr. HANSON: Will not that always be so?

Mr. BOIVIN: Yes, and for that reason as cracks are found in the walls of the structure, they must be continually repaired. That is why not only this year but in years to come, no matter what government may be in power, there will have to be amendments to the Income Tax Act to close the fissures that are being opened every year by the lawyers who devise new methods by which their clients may evade taxation.

Mr. JACOBS: Why does the hon. minister refer to their work as a "pastime"? Does he suggest that it is a recreation on the part of the lawyers?

Mr. BOIVIN: It is a recreation for which the lawyer, however, never refuses to charge a fee.

Mr. HANSON: The minister has stated that income of this character has been excaping taxation altogether. From what limited knowledge I have of this business, I submit to him that that is not quite correct, and that invariably one tax has been paid. The objection of course has been to pyramiding that taxation. Am I not right that invariably one tax of 10 per cent has been paid on income?

Sir HENRY DRAYTON: That is right.

Mr. BOIVIN: My hon. friend is right to this extent, the company tax of 10 per cent, plus 5 per cent super tax or ten and one half per cent in all, has been collected from the company upon the profits declared by the company.

Mr. HANSON: Earned by the company.

Mr. BOIVIN: I mean declared by the company in its income tax return. That is the only tax which so far has been paid. In this particular instance we are dealing with shareholders whose revenue is very great. In the

past they have been entitled to exemption only from payment of the normal tax, but they have been escaping payment of the surtax, that they should have paid to the Dominion government.

Sir GEORGE PERLEY: Mr. Chairman, may I be allowed in this connection to ask a question about section 4, which I overlooked at the time it was under discussion? It will save my bringing it up when the bill is before the House. Has the minister considered the fact that men with very large incomes are going to pay a great deal less under this legislation than they did before, even if the money is all in Canadian stocks? I have some figures from the department which perhaps I might read to him. In the case of a married man without children, if his income is $50,000, all from Canadian stocks, under the old system he paid $5,785.50; under the new he pays $8,380. True, he pays quite a little more. But if his income is $250,000—I am free to admit there are not many Canadians in receipt of such a large income—he ought to be able to pay a very substantial tax. His income is all from Canadian stocks. Under the old system he paid $112,885.50; under this resolution, which the government has brought in for the purpose of helping poor people, he pays only $86,340. In other words the very rich man with an income of $250,000 pays $26,500 less than he paid under the old law. I would ask if the minister is aware of that fact and if he considers it a reasonable arrangement.

Mr. BOIVIN: Yes, we are aware that in every case the taxation has been reduced.

Sir GEORGE PERLEY: I have just cited a case where the man with $50,000 income pays more.

Mr. BOIVIN: I mean in every case where the revenue exceeds $50,000.

Sir GEORGE PERLEY: I think it is nearly $80,000.

Mr. BOIVIN: For the purposes of agreement and argument we will say $80,000. In all cases where the revenue exceeds $80,000 there is a reduction. It was necessary to establish a sliding scale in order to reach a fair basis of payment for the small income, the moderate income, the larger income and the very large income, and we thought the limit of that scale should be 50 per cent. Under the old law, as my hon. friend knows, some people were called upon to pay as much as 66 per cent and more of their revenue to the government. We felt that any man who invests his money in Canada and pays at least half of what he makes to the Dominion government is contributing fairly generously his share of taxation, and we thought it should no longer be necessary to take away from any man more than half of his income. At present we do not happen to have in Canada anyone with an income of $1,000,000, and the income would have to reach that amount before the taxation would be the full 50 per cent.

Section agreed to.

On section 13.

Mr. BOIVIN: This amendment ensures that the shareholders of corporations will pay income tax upon the profits of the corporation as and when they get control of such profits. Under the provisions of the Income War Tax Act shareholders of a corporation, in contrast with members of a partnership, are not taxed upon the profits of the business at the time the profits are earned. Taxation is deferred until the profits become the property of the shareholders or until something is done that renders the profits not available for distribution to the shareholders. The policy under our Canadian act is to defer taxation of corporation profits so long as they remain available for dsitribution, which is to say so long as there is prospect of a tax being imposed upon the shareholder at some future time. As soon as the profits are capitalized they cease to be available for distribution, and it seems only right and proper that the profits should be taxed when placed beyond the possibility of distribution.

Mr. HANSON: But in that case you have already collected 10½ per cent from the corporation, and you are simply imposing a second tax on the same profits.

Mr. BOIVIN: We are simply endeavouring there to obtain the surtax and supertax which the shareholder would have paid had he received the dividend in another form. We do not desire to tax the dividend again; we are quite willing to give the exemption from the normal tax to which the shareholder is entitled, but we do claim that when the profits are taken out in enormous slices the shareholders should be called upon to pay at least the surtax and supertax which they would have paid had they withdrawn their dividends in the ordinary way.

Mr. HANSON: That is all very well, but you take your supertax in the form of an increased normal tax at the beginning. That is why the tax is increased to 10 per cent instead of 4 per cent, and that is why you had no supertax on the profits of a corpora-

tion. Now you want to take the supertax in the 10 per cent and another supertax on the distribution of the profits as well. That is simply double taxation.

Mr. BOIVIN: This question of double taxation, as my hon. friend knows, was thoroughly discussed in connection with clause 4 and we came very close to an agreement then. There are certain classes of corporations which we hope to be able to deal with in a manner satisfactory to everyone. In small corporations this clause would never apply, because the corporation has always the right of exercising its option to be treated as a partnership and not as a corporation.

Mr. GEARY: This is retroactive?

Mr. BOIVIN: Yes, retroactive as to profits earned.

Mr. GEARY: Is that usual?

Mr. BOIVIN: That is one of the reasons why I referred in my remarks a moment ago to the surtax and supertax; this is a retroactive clause.

Section agreed to.

On section 14.

Sir HENRY DRAYTON: In connection with this resolution there was one thing which a great many hon. gentlemen opposite were in favour of when I was Minister of Finance, that is, the question of members of parliament having their election expenses deducted from their returns. I wonder what the present ideas of hon. gentlemen opposite are. I know they were almost unanimously in favour of it at that time, and I think my friend the minister favoured it also. What does he think now?

Mr. BOIVIN: We thought it would be better to follow the line of conduct laid down by our predecessors.

Sir HENRY DRAYTON: If you would only stick to that more often you would do better.

Mr. BOIVIN: I think our predecessors made a mistake, however, when they did not allow members of parliament to deduct from their indemnity a reasonable amount to pay for living expenses while in Ottawa. I would say that the same rule would apply to electoral expenses—

Mr. POWER: That is a capital investment.

Mr. BOIVIN: —although I am inclined to agree with the hon. member for Quebec South (Mr. Power) that that is a capital investment. If each member paid the same amount to be elected, or if each member only paid the amount absolutely necessary for him to be elected, or if we could average that amount, it might be possible and advisable to make some allowance when it comes to the payment of income tax. I will repeat that I think it would be absolutely fair to allow members of parliament to deduct from their indemnity a just and reasonable amount for board and living expenses while they are in the capital attending to their parliamentary duties. It is an expense which they are absolutely obliged to make, but my good friends opposite were generous enough to make a gift of this to the Canadian people. They wanted to be magnanimous, and we want to follow their example and be just as generous as they are.

Section agreed to.

On section 15.

Mr. BOIVIN: This is a clause concerning which there has been some discussion; some claim it is not necessary at all while others say it clarifies the act. It merely adds that the provisions of paragraph (d) concerning taxes and supertaxes will not apply.

Sir HENRY DRAYTON: I just want to ask the minister one further question. What has been done in connection with that debatable question where you have a man employed at a stated salary whose tax is paid by his employer? There has been more or less soreness over that. I understand the department in the past have come to the conclusion that that money belonged to the employee and should be added to his gross income for the purposes of taxation. On the other hand it is urged very strongly that where any employer voluntarily pays to the Receiver General the whole or any part of the income tax on the salary or wages of the employee, that amount shall not be treated as part of the income of the employee for the purpose of income tax.

Mr. BOIVIN: My impression is that it would be absolutely unfair to consider that the tax paid for an employee should not form part of his income. Two corporations side by side, paying absolutely the same salary to their employees, make out their returns to the Dominion government showing, for instance, that they each have a superintendent drawing $4,000 or $5,000 a year. One company would pay the tax while the other would not, so one man would have his $4,000 net while the other would be obliged to pay his $20

to the government. That would be unfair and unjust, because in reality one man would have $4,000 a year while the net salary of the other would only be $3,980.

Mr. GEARY: Will the language be sufficiently clear to show that this will be made retroactive?

Mr. BOIVIN: It is the intention to make clause 13 retroactive the same as it is the intention of the government, if the law can be so worded, and I think it can, to make the provision retroactive by which it is attempted to tax dividends that have escaped taxation in the hands of personal corporations. I am not referring to industrial corporations; I mean the corporation sole that was formed for the express purpose of evading taxation.

Mr. CHAPLIN (Lincoln): How far would you go back?

Mr. BOIVIN: I would go back to the inception of the Income War Tax Act. I would tax all those dividends. There is no desire on the part of the government to take these accumulative profits and consider them to be profits of this year. That would be absolutely unfair and unjust. The tax upon them would be almost 50 per cent.

Sir HENRY DRAYTON: It would be more—

Mr. BOIVIN: Applying the present law the tax upon them would be almost 50 per cent, whereas if they had been distributed normally year by year the tax might have been very much less. There is no intention of being too severe, but it would be possible to allow those who have accumulated these profits during the last five years—the first companies were formed five years ago—a term of five years within which to distribute those profits. They could be distributed as they like in that period of five years, but if they were not distributed at the end of five years, then they could be taxed as the profits of that year.

Mr. GEARY: My point was simply as to the language being express enough.

Mr. BOIVIN: It will be made express enough in the bill.

Mr. RYCKMAN: I rise merely to ask a question. I know the Income Tax branch has two, if not more, very shrewd and competent solicitors, but in view of the question that has been raised previously, has the minister the opinion of the Justice department that these retroactive provisions are not ultra vires? Just in that connection let me point out this the point was raised by the hon. member for Vancouver-Burrard—if you could tax income past and gone for the year 1925, you could pass a law to tax it for the year 1825. I am merely asking whether an opinion has been obtained.

Mr. BOIVIN: The opinion of the solicitors in our own department and the opinion of the Department of Justice was obtained in the matter. I am not sure whether the final opinion from the Department of Justice, has been received, but at least one memorandum from that department has reached us. I want to say to my hon. friend that he is not quite fair. I know that he does not want to be unfair to the government or to the legislation, but I think he is unfair when he says that we are indiscriminately reaching back and taxing income, and that because we do it for the past five years we might as well do it for the last hundred years. That is not the intention of the government. The proper thing for the government to do is to reach back and tax that income which would have paid taxes to the Dominion government but did not do so. The object of the amendment is to try to reach that income, to bring the tax into the public treasury, and ward against such evasions of payment in the future. When I say evasions of payment, I want to be fair to those persons who formed these corporations sole. I do not want to say they are tax dodgers; I do not want to apply any damaging epithet to them.

Mr. CHAPLIN (Lincoln): You referred to them as fake companies the other day.

Mr. BOIVIN: Oh no, I did not. The other day I referred to fake companies in connection with the customs tariff—to those companies which were importing automobiles and getting excessive discounts for importing them. I never referred to these corporations as fake companies. They were formed legally under the Companies Act, and it was up to the government so to frame its legislation as to be able to collect the tax. They were within the law, and when a man is within the law he cannot be blamed. On the other hand, a man can remain within the law and evade the tax that a former government intended to impose upon him. We want to reach back and collect those taxes; that is all.

Mr. RYCKMAN: I cannot let go unchallenged the minister's statement that I was not fair. I was asking purely an academic question as to the legality of this legislation—nothing else. It did not enter my mind to criticize the action of the government if they were warranted in law in taking the action which they propose to take. I certainly had no idea other than merely to obtain an answer to the question whether an opinion had been obtained, because frankly I do not think this is within the competency of this parliament to enact.

Mr. BOIVIN: We are so advised. If I misunderstood my hon. friend or one of his references, and said anything which I should not have said, I hasten to apologize.

Mr. HANSON: With reference to the observations made by the minister as to the purposes for which these holding companies were formed, I think it is only fair to him to say that in the smaller provinces these companies were not formed with the express purpose of evading the supertax, but having regard to the lack of reciprocity between the provinces with respect to succession duties, most if not all of them were primarily formed for the purpose of evading the payment of double succession duties to the various provinces on securities such as the stock of companies having their head office in a province other than that in which the company was domiciled.

Resolutions reported, read the second time and concurred in. Mr. Robb thereupon moved for leave to introduce Bill No. 116, to amend The Income War Tax Act, 1917.

Motion agreed to and bill read the first time.

On motion of Mr. Mackenzie King, the House adjourned at 11.55 p.m.

Friday, May 28, 1926.

The House met at three o'clock.

PRINTING OF PARLIAMENT

Hon. CHARLES MARCIL (Bonaventure) presented the second report of the joint committee of both houses on the Printing of Parliament.

NATIONAL RAILWAYS AND SHIPPING

Mr. W. D. EULER (North Waterloo) presented the third report of the select standing committee on Railways and Shipping, owned, operated and controlled by the government as follows:

The attention of your committee having been drawn to the omission from the interim supply voted by parliament during the present session, of any part of items 372 and 373, of the estimates 1926-27 respecting loans to the Canadian National Railway and the Canadian Government Merchant Marine, Limited;

Your committee therefore recommends that parliament grant as interim supply the sum of $10,000,000 of the said item 372 and the sum of $200,000 of the said item 373.

TRIBUTE TO CANADIAN ARTIST

Mr. SPEAKER: I have the honour to lay on the table of the House a full description of the motif and artistic design of the seal, the inkstand and the calendar made by Mr. Paul Beau, ironmaster.

BUSINESS OF THE HOUSE

MOTION FOR PRECEDENCE OF GOVERNMENT ORDERS

Right Hon. W. L. MACKENZIE KING moved:

That on and after Monday, the 31st of May, instant, and every Monday thereafter to the end of the session, government notices of motions and government orders shall have precedence over all business except questions by members and notices of motions for the production of papers.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I understand the whips have had a conference over this motion and that they recommend one more private members' day. I am quite agreeable to the motion so amended.

Mr. MACKENZIE KING: If it is the wish of the House to have an extra day I would amend the motion by striking out the words "on and" so that it will read 'after Monday the 31st of May."

Mr. SPEAKER: Is it the pleasure of the House to adopt the motion?

Mr. COOTE: It was impossible to hear what the Prime Minister said. I want to be sure that we have next Monday.

Mr. MACKENZIE KING: The object of the amendment is to give that day.

Motion as amended agreed to.

INCOME WAR TAX ACT 1917

AMENDMENT

Mr. T. L. CHURCH (Toronto Northwest) moved for leave to introduce Bill No. 147, to amend the Income War Tax Act, 1917 (payment by Canadian residing abroad).

He said: The purpose of this bill, Mr. Speaker, is to prevent evasion of payment of income taxes by Canadians temporarily residing abroad. Under the present law some

wealthy Canadians now in London, England, are able to evade both Canadian and British income taxes. The bill provides that income tax is to be collected from Canadians so temporarily living abroad who ordinarily reside in Canada and receive income from purely Canadian investments. The burden of proof of residence is placed on them. It is not intended to increase taxation, which can only be done by a minister of the crown. I refer the House to Bourinot, fourth edition, pages 430 to 434. It is simply intended to provide for the collection of the income taxes already imposed upon residents of Canada by existing legislation.

Motion agreed to and bill read the first time.

Mr. SPEAKER: I have my doubts as to the legality of this bill. It seems to me that its purpose would bring it within the authority of the government, the question being one of finance. However, I will examine the authorities.

CANADIAN NATIONAL RAILWAYS

MONTREAL STREET RAILWAY PURCHASE

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): I desire to submit supplementary information, in connection with a question asked by the hon. member for Hants-Kings (Mr. Foster) on May 17 relating to Montreal Tramway property purchased by the Canadian National Railways, as follows:

The amount paid for this tramway property is $1,250,000.

AGREEMENTS WITH CITY OF VANCOUVER

On the Orders of the Day:

Hon. H. H. STEVENS (Vancouver Centre): There is a matter of very considerable importance to the city of Vancouver, having relation to certain outstanding contractual agreements between the Canadian National Railways and that city, in regard to which I desire to ask a question of the Minister of Railways (Mr. Dunning) if he will be good enough to reply. There is reported in this morning's press an interview with Mayor L. D. Taylor to the effect that certain contractual arrangements have been entered into between the National Railways and the city of Vancouver by which an hotel will be provided in Vancouver for the service of the railways. In addition to this the question of certain drainage and sanitary arrangements, which are under contract with the railways is discussed. I would ask the Minister of Railways to intimate to the House, first, whether or not a decision has been arrived at between the city and the railways and, secondly, whether such a decision has secured the final approval of the government.

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): I saw the newspaper despatch in question which intimated, I believe, that arrangements had been completed for the Canadian National Railways to erect a hotel in Vancouver. So far as the report is concerned I can say that it is premature, to say the least. The position, briefly, is that certain contractual relations exist between the Canadian Northern Railway—my hon. friend said the Canadian National, but it should be the Canadian Northern—

Mr. STEVENS: That is correct.

Mr. DUNNING: —and the city of Vancouver. To a degree, I suppose, we may say the Canadian National inherited the obligations of the Canadian Northern. These obligations with respect to the city of Vancouver are certainly formidable—I think my hon. friend knows that—

Mr. STEVENS: Quite.

Mr. DUNNING: —and negotiations have been in progress for some little time between the railway company, the government and the city regarding those obligations, but no definite settlement has been reached. The intimation that a decision has been reached to build a hotel at Vancouver is quite premature.

WESTON-WOODBRIDGE SERVICE

On the Orders of the Day:

Mr. T. H. LENNOX (North York): Mr. Speaker, I should like to ask the Minister of Railways (Mr. Dunning) if he is aware that the Canadian National Railway has discontinued its service between Weston and Woodbridge, and yesterday directed that the road be dismantled. I should also like to ask him upon what authority the Canadian National Railway has discontinued operation, my impression of the Railway Act being that this can only be done by the Governor in Council on the recommendation of the railway board.

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): Mr. Speaker, I am not familiar with the matter to which my hon. friend refers. I shall be glad to make inquiries regarding it and to communicate the information required at a later date.

BIOLOGICAL BOARD

On the Orders of the Day:

Mr. A. E. ROSS (Kingston City): Mr. Speaker, as it is a matter of very general importance, I should like to ask the Minister of Marine and Fisheries (Mr. Cardin) who is the present chairman of the biological board. On receiving an answer I desire to ask him a further question.

Hon. P. J. A. CARDIN (Minister of Marine and Fisheries): Mr. Speaker, I must admit that I have not the name of the gentleman in my mind at the present time.

Mr. ROSS (Kingston): Has the chairman of the biological board resigned?

Mr. CARDIN: I am not informed of his resignation.

Mr. ROSS (Kingston): May I also ask the minister in this connection if, before the estimates are discussed, he will lay on the table the correspondence in relation to the chairman's resignation?

Mr. CARDIN: Certainly, with pleasure.

CIVIL SERVICE SALARY REVISION

POSTAL SERVICE

On the Orders of the Day:

Hon. R. B. BENNETT (West Calgary): Mr. Speaker, I should like to inquire of the representative in this House of the hon. Postmaster General whether or not the government has completed the salary revision of the postal service; and if not, when we may expect it will finally be revised?

Hon. ERNEST LAPOINTE (for the Postmaster General): Mr. Speaker, the salaries of the postal service are only part of the salaries of the civil service and are included in the report which has been made by the Civil Service Commission, and on which a sub-committee of the Privy Council has worked. I was away at the time through illness, but I understand that at the request of representatives of the Civil Service Association that report was sent back to the Civil Service Commission for further consideration. There the matter stands at the present time.

UNITED STOCK GROWERS LIMITED

On the Orders of the Day:

Hon. R. B. BENNETT (West Calgary): Mr. Speaker, I desire to inquire of the hon. Minister of Agriculture (Mr. Motherwell) whether or not an investigation has been conducted into the operations of the United Stock Growers Limited at Calgary, and if a report thereon has been received. If so, will such report be available for the members of this House?

Hon. W. R. MOTHERWELL (Minister of Agriculture): Mr. Speaker, an investigation has been held into the operations of the live stock pool at Calgary at the request of the pool itself and also, I think, at the request of the live stock exchange. The investigation was conducted by Mr. McCallum, chief of the stock yards service, and Mr. Mackenzie, representative of our department at Calgary. The report just came to hand this morning, and I have not yet had an opportunity of reading it. Inasmuch as the investigation was conducted under the provisions of the Live Stock Products Act, the report naturally becomes a matter of considerable public concern, and if any hon. gentlemen ask for that report a decision will then have to be arrived at regarding the advisability of tabling it.

IMPORTATION OF BREEDING SHEEP DUTY FREE

On the Orders of the Day:

Mr. DONALD SUTHERLAND (South Oxford): Mr. Speaker, in view of the recent disposal of the budget resolutions, I should like to inquire of the government as to the correctness of a report which appears in the press to-day from British Columbia to the effect that thousands of sheep are to be imported into Canada during the next twelve months without payment of duty. If this report is correct why has the matter not been brought before parliament?

Hon. W. R. MOTHERWELL (Minister of Agriculture): Mr. Speaker, it has been the practice both of the Customs department and my own, under certain conditions, to permit the free entry of breeding sheep into Canada.

Mr. SUTHERLAND (South Oxford): I might point out that the report states the Ottawa authorities plan to allow breeding sheep to be imported without payment of duty during the next twelve months, which would indicate that it is a recent move.

Mr. MOTHERWELL: No, Mr. Speaker, the act provides for that.

Mr. SUTHERLAND (South Oxford): For pure bred sheep.

Mr. MOTHERWELL: Yes.

PRIVILEGE—HON. MR. DUNNING

On the Orders of the Day:

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): Mr. Speaker, on a

question of privilege, I desire to call attention to the following statement in an editorial on Canadian National Railways appearing in this morning's Ottawa Journal:

> It is nonsense, for example, and not quite honest, for Mr. Dunning to point out as an illustration of the system's success that only ten millions of the fifty millions that parliament voted for the road last year was actually used, when almost in the next breath it had to be shown that the reason for this was simply that the railway raised some 45 millions on bond issues guaranteed by the government—and for which the country is responsible.

The reference quoted contains a rather serious misapprehension of the facts, which I feel sure is quite unintentional on the part of the Journal, and which the Journal will be foremost in desiring to set right.

The 50 millions of which only 10 were actually required of the government, were voted for the fiscal year 1925-26. The 35 millions, raised by guarantee of bonds, was part of the vote of the previous fiscal year 1924-25 and, while falling within the scope of the calendar year covered by Sir Henry Thornton's report, formed no part of my presentation of the railway estimates which were, of course, for the fiscal year 1926-27 as contrasted with the fiscal years 1925-26. The error arises, of course, from the fact that the accounts of the railways are on the basis of the calendar year while those of the government are on the basis of the federal fiscal year. This I was careful to explain when dealing with these figures. There were no bond issues, guaranteed or otherwise, during the fiscal year 1925-26.

OLD AGE PENSIONS

The House resumed from April 16 consideration in committee of Bill No. 21, respecting Old Age Pensions.—Hon. Mr. King (Kootenay).—Mr. Duff in the chair.

Hon. J. H. KING (Kootenay, Minister of Public Works): When we were last in committee this bill was thoroughly discussed and most of the sections were passed. Sections 2, 3, 4, 7 and 9 were held over for amendments which seemed proper. I have prepared the amendments, first of which is that to section 2.

On section 2—Definitions.

The CHAIRMAN: Mr. King (Kootenay) moves that subsection (d) of section 2 be amended by adding after the word "territory" the following:

> In respect to which "Commissioner" shall be read for "Lieutenant Governor in Council".

Mr. LADNER: I would like to bring up a matter in connection with subsection (b) of section 2, concerning certain petitions and circulars which have been received from different soldier organizations requesting some arrangement which would provide old age pensions for ex-soldiers who were prematurely aged through service in the war. There are a great many cases known to the department where an applicant for pension under the Pension Act was not able to establish what is known as attributability; that is, he could not relate the disability under which he suffered actually to war service, but nevertheless a portion of the medical opinion established fairly well that his health had been undermined and that his condition actually arose from his service overseas.

I want to make this statement as brief as possible, but there is a question of policy facing the government. Is it the intention of the government to respond favourably to the request for legislation which will provide for pensions to those returned men who have become prematurely aged by reason of their war service? Do they propose to take a step of this kind; could they take such a step in this act, or will they make provision in the regular Pension Act under which military pensions are paid? Is that matter under consideration; will the petitioners, the ex-soldier bodies and a great many of the public, receive the favourable attention of the government, and will any amendments to the Pension Act be brought down?

Mr. KING (Kootenay): When we were in committee before I think the suggestions of my hon. friend were thoroughly discussed, and at that time the government intimated that they did not consider it advisable to interfere with the present act as drafted. It is true that certain soldier organizations have made such representations, but if it is considered desirable to deal with that class would it not be better to deal with them through the Pension Act?

Mr. LADNER: That is all very well if the Pension Act is coming before the House, but otherwise the opportunity of dealing with the matter will be lost, because the session will be over. Perhaps the minister can inform me whether or not it is the intention of the government to bring down any amendments to the Pension Act, so that a matter of this kind may be considered.

Mr. KING (Kootenay): We are now dealing with the Old Age Pension bill, and I am not in a position to advise my hon. friend as to the Pension Act. I would repeat, however, that it is not considered advisable to incorporate a clause of that kind in this

bill. I am sure the hon. gentleman is anxious to see this bill go through, and I think he will see the inadvisability of incorporating such an amendment at this time.

Mr. LADNER: I appreciate the contention of the minister, but I, together with a great many of the public, am very much interested in whether or not the Minister of Soldiers' Civil Re-establishment (Mr. Elliott) intends to introduce amendments to the Pension Act this session. If so, is it the intention to consider this question?

The CHAIRMAN: Shall section 2 carry?

Mr. LADNER: This is a matter of some importance, and I would like an answer.

Mr. ELLIOTT: I might say, Mr. Chairman, that so far as amendments to the Pension Act are concerned, no decision has been arrived at by the government to make changes of any importance this session.

Mr. LADNER: I infer, then, that some changes will be made, and that the matter will be before the House.

Mr. ELLIOTT: It is barely possible, but there will be no changes of importance.

Mr. HANSON: I would like to ask the minister if, in the interim since this bill was before the House last, there has been any attempt made by the government to interview any of the provincial premiers with respect to co-operation in this measure.

Mr. KING (Kootenay): No.

Mr. HANSON: I am satisfied that this bill is simply a washout unless the provinces are interested. I would like to point out to the Minister of Public Works (Mr. King, Kootenay), who is sponsoring this bill, that I think there will be a meeting of the provincial premiers in Toronto within a week or so, and if this bill is to amount to anything there ought to be a determined effort on the part of the Dominion authorities to get the co-operation of the provinces. Otherwise, I venture the prophecy that this legislation will simply fall to the ground.

Mr. KING (Kootenay): I think that was thoroughly discussed when we were in committee before. Parliament has a bill before it to provide for old age pensions in conjunction with the provinces, but the provinces do not need to avail themselves of the bill unless they see fit, it is optional with them. There would be nothing to be gained at this time by chasing around trying to interview provincial premiers. The bill, once it is on the statute book, will be available for the provinces if they wish to take advantage of it.

Mr. HANSON: The minister's answer simply confirms the suspicion that most of us had when this legislation was introduced, that the government is afraid the provinces might take them up and that this might really amount to something

Mr. KING (Kootenay): We hope they will.

Mr. HANSON: Otherwise, I venture the assertion that this bill means nothing and never will mean anything.

Mr. BLACK (Yukon): It was impossible to hear the amendment as it was read by the minister, or as you read it, Mr. Chairman, I do not think the House has any idea of what the proposed amendment is.

The CHAIRMAN: The amendment is to add after the word "territory" in paragraph (d) of clause 2 the words: "in respect to which 'commissioner' shall be read for 'Lieutenant-Governor in Council.'"

Mr. BURY: Are the Northwest Territories being left out?

Mr. KING (Kootenay): No, another section provides for them.

Mr. McGIBBON: I would ask the minister again, providing this bill falls through as a result of the provinces not participating in the scheme, will this government assume the full responsibility? I think we ought to have a direct answer to that question.

Mr. KING (Kootenay): I would say no, Mr. Chairman.

Mr. McGIBBON: Then the bill, on the very face of it, is an absolute absurdity. It will never amount to anything.

Mr. KING (Kootenay): That is my hon. friend's opinion. I have not that opinion. I am satisfied that many of the provinces will avail themselves of this legislation.

Mr. McGIBBON: Time will tell.

Mr. KING (Kootenay): Time will tell.

Mr. BLACK (Yukon): Has any plan been formulated as to the operation of this act in the Yukon? Has the minister had any communication with the gold commissioner of that territory, who is in charge of the administration there, how it is going to be worked out?

Mr. KING (Kootenay): The Yukon territory will be in the same position as the other provinces, except that the commissioner will take the place of the Lieutenant-Governor in Council. If he sees fit, he can make his

representations to the Governor in Council, and his representations will be considered.

Mr. BLACK (Yukon): There is no such official in the Yukon and has not been since 1918. The position of commissioner was abolished by the government.

Mr. KING Kootenay): That is not our information. He may not go by that title in the Yukon, but under the act he is known as the commissioner.

Mr. BLACK (Yukon): I am sure that I am correct. I quite agree with other hon. members that this act will be abortive. Whether it is the gold commissioner or anybody else, I am sure that this act in its present terms will never come into operation in the Yukon, and it is just a waste of time considering it.

Mr. TOLMIE: I am strongly in favour of the principle of this bill, but I think that some meeting or conference should have been held with the provinces first. Have any of the provinces indicated their willingness to come in under this legislation?

Mr. KING (Kootenay): Since this legislation was introduced?

Mr. TOLMIE: Yes.

Mr. KING (Kootenay): There has been no correspondence, I think, with any of the provinces since this legislation was introduced.

Mr. TOLMIE: Or before?

Mr. KING (Kootenay): There was correspondence during the time the committee of 1924 was sitting.

Mr. TOLMIE: Which of the provinces indicated that they were willing to co-operate in this scheme?

Mr. KING (Kootenay): There was no communication directly from the provinces.

Mr. McGIBBON: Is it not a fact that the member for Fort William (Mr. Manion) put on Hansard the opinions of the different provinces, and that not a single one of them was favourable to accepting this bill?

Mr. KING (Kootenay): There was no bill at that time.

Mr. McGIBBON: There was a proposed bill, which is the same thing. The minister is merely quibbling over words.

Mr. KING (Kootenay): My hon. friend is entirely wrong. There was an inquiry made of the provinces as to whether they were interested in old age pensions. There was no bill at that time, but there is a bill before the House to-day, and if it becomes law there will be the opportunity for the provinces to come in or stay out, as they see fit.

Mr. MANION: Practically every one of the provinces spoke against the idea.

Mr. KING (Kootenay): No.

Mr. MANION: None of them promised to co-operate with the government in the scheme. I remember well reading the opinions of the different provinces and the hon. member for Comox-Alberni (Mr. Neill) and I had some argument about it, but I do not remember any one of the provinces agreeing to come in under this scheme.

Mr. BROWN: Was there not at that time a question as to jurisdiction in the matter?

Mr. KING (Kootenay): Yes.

Mr. NEILL: It is unnecessary to go into the principle of this bill. It is entirely out of order at this stage, but I suppose, Mr. Chairman, as one member has been allowed to digress, he ought to be answered. I will do so very briefly by reading again for the second, if not the third, time the resolution passed by the British Columbia legislature last year, on the 24th day of November. After a suitable preamble, it says:

> Therefore be it resolved that the necessary steps be taken to formulate some plan in connection with the Dominion government to provide for old age pensions, and that the other provinces of the Dominion be requested to take similar action.

Then it goes on to say that copies shall be sent not only to the Secretary of State for Canada, but to the provincial secretaries of the various provinces, the clear idea being to try and bring pressure or influence to bear on them to co-operate to that extent. As the hon. member for Lisgar has said, the opinions which the hon. member for Fort William read a few weeks ago were founded upon a misapprehension of the law as it has since been found to exist. The provinces were then under the impression that the Dominion government was trying to foist on to them some of our responsibilities. It has since been ascertained by a decision, not questioned, of the Justice department that the whole responsibility for legislation of this kind, or rather for the expenditure of the money, rests on the provinces. Now that the provinces are finding that instead of them being handed a gold brick they are being offered assistance to 50 per cent of their expenditure in connection with old age pensions, they are much more likely to accept it, and that is seen by the resolution I have just read, which is very different in character from the one they passed twelve months be-

fore. Therefore it is reasonable to suppose that British Columbia will certainly be in the forefront in accepting this legislation, and will use its influence, and its example may be followed by the other provinces.

Mr. EDWARDS (Frontenac): Did the British Columbia legislature follow up that resolution with the formulation of any plan and its submission either to this government or to the provinces?

Mr. NEILL: That, I presume, comes within the province of the British Columbia government. The resolution was only passed at the last session, and presumably the provincial government are taking steps, as instructed by the legislature, looking towards co-operation with the Dominion.

Mr. EDWARDS (Frontenac): My hon. friend in reading the resolution read words which indicated that the government of British Columbia proposed to formulate plans in connection with old age pensions, and submit those plans for approval to the other provinces and to this government. I am asking him if after the passing of that resolution, which may be taken as an expression of opinion of the British Columbia legislature, the British Columbia government followed up that proposition and formulated and submitted any plans either to this government or to the provinces? Did they follow up the resolution or not, or was it merely a resolution passed and then dropped, and nothing more ever heard of it?

Mr. NEILL: It was passed only a few months ago. I am not in the confidence of the government of British Columbia, but presumably, after the habit of most governments, they are proceeding to carry out the mandate very emphatically imposed upon them by the legislature and that unanimously.

The CHAIRMAN: I must call the attention of the committee to the fact that the discussion is getting away from the clause altogether I have allowed considerable latitude and I must ask the committee to confine their remarks to the clause under discussion.

Mr. McGIBBON: I want to enter my protest against legislation of this kind. It is going to raise the hopes of tens of thousands of people in this country only to cause them utter disappointment in the future. I want this government to take the responsibility for the present legislation if the promises which it holds out fail. I am sure we are all indebted to the lay member who has just spoken for reading us a lecture on law. Of course, we appreciate the authority from which that lecture comes.

Mr. NEILL: I am not a "late" member.

Mr. McGIBBON: I may tell my hon. friend that there are lawyers in this House. including the leader of this party, who see clearly what the effect of this legislation will be. What I want the government to do is to promise the people of Canada who are going to be disappointed by this bill that if the provinces do not take this matter up they will do so themselves.

Mr. NEILL: I would just like to point out to my hon. friend that I am not a "late" member.

Mr. RYCKMAN: The hon. gentleman referred to you as a lay member—l-a-y.

Section agreed to.

Sections 3 and 4 agreed to.

On section 7—when payments to provinces to be made.

Mr. BURY: What about sections 5 and 6?

The CHAIRMAN: They have been passed.

Mr. BURY: When were they passed?

The CHAIRMAN: About a month ago.

Mr. KING (Kootenay): I have an amendment to propose to this section. I move:

To strike out the words "Treasury Board" in the third line and substitute the words "Minister of Finance", and to strike out all the words after the word "appropriated" in the fifth line.

Mr. EDWARDS (Frontenac): What is the reason for that amendment?

Mr. KING (Kootenay): When we were last in committee a question was raised in regard to the phrase "Treasury Board" and it was considered better to substitute "Minister of Finance." That has been done. As to the other change the balance of the section as it now stands reads:

—not otherwise appropriated, and the Governor in Council may borrow from time to time such sums as may be required for the purpose of making such payments.

I understand this wording is unnecessary and it is being struck out.

Mr. MANION: Perhaps you are going to make the payments out of profits.

Mr. KING (Kootenay): Yes, surely.

Amendment agreed to.

Section as amended agreed to.

Mr. KING (Kootenay): I think that completes the amendments contemplated.

Bill reported, read the third time and passed.

IMMIGRATION ACT AMENDMENT

Hon. CHARLES STEWART (Acting Minister of Immigration and Colonization): moved the second reading of Bill No. 91, to amend the Immigration Act.

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

Mr. STEWART (Edmonton): There was a mistake made in the printing of this amendment. I do not know who is responsible, probably I am. There were two amendments prepared and the wrong amendment got into the hands of the law clerk and was printed in the first edition of the bill that was distributed. However, the bill was reprinted and it is the reprinted copy that we are now dealing with.

Mr. BOYS: Where do we get copies of the reprinted bill?

Mr. STEWART (Edmonton): Copies have been distributed and must be on the files of hon. members.

Mr. MANION: How do the changes read?

Mr. STEWART (Edmonton): The amendment in the reprinted bill is a short one. I will read it so that hon. members may be quite clear about it. Under the old provision certain persons were deemed to belong to undesirable classes and liable to deportation. The amendment that we are proposing is as follows:

1. Section forty-one of the Immigration Act, chapter twenty-seven of the statutes of 1910, as enacted by chapter twenty-six of the statutes of 1919, is repealed and the following is substituted therefor:

41. Whenever any person other than a Canadian citizen has been convicted of any criminal offence as defined in Part II of the Criminal Code, it shall be the duty of any officer becoming cognizant thereof and of the clerk, secretary or other official of any municipality in Canada wherein any such person may be, to forthwith send a written complaint to the minister giving full particulars.

That is the substitution.

The CHAIRMAN: Shall section 1 carry?

Mr. MANION: Just a moment, Mr. Chairman. I have not had time to study the provisions of the first bill that was put on the file but there does not seem to be any resemblance between the reprinted bill and the one originally introduced.

[Mr. J. H. King.]

Mr. STEWART (Edmonton): No, because the amendment that was printed by mistake did not cover what we were aiming to cure in the act, namely, the right of the minister to deport without trial. If my hon. friend will look up section 41 of the act he will find very wide powers given there to the Minister of Immigration and Colonization with respect to deportation. Those powers were given during the period of the war. The amendment is simply to give to the inindividual the right to a trial before deportation can take place.

Mr. MANION: When was the bill read a first time?

An hon. MEMBER: April 26.

Mr. MANION: Which amendment was read a first time?

Mr. STEWART (Edmonton): The one in the first copy. I have not it before me.

Mr. MANION: That is the reason I want to know. It is not for any particular purpose. I do not wish to hold it up, but if it was the other bill that was read the first time, then this one will not be in order until it is read the first time.

Mr. STEWART (Edmonton): I took the precaution to make inquiries to see whether or not I would be able to avoid the introduction of the amendment, and I was informed by the law clerk of the House that this bill was quite in order.

Mr. MANION: I have not studied out the cause of it, but the new bill was just put on the file to-day. Would the minister permit it to stand over? It will only take a half a minute. Somebody might wish to study the matter.

Mr. STEWART (Edmonton): I would like to put it through now and the hon. member could bring the question up on the third reading.

Mr. MANION: But if we pass it now we approve of the principle. The bill contains only one clause. I have no interest in it, but some hon. member might wish to study it especially when it was the other bill that was read the first time.

Mr. McGIBBON: Who is asking for the amendment?

Mr. STEWART (Edmonton): I think this is the fourth time we have amended it. I think my right hon. friend the leader of the opposition amended this section 41. On three different occasions we have sent this amendment to the Senate and it was killed.

It was a war measure, enacted during the war period, giving the Minister of Immigration, too much power, in my opinion.

Mr. McGIBBON: The minister is not answering my question.

Mr. STEWART (Edmonton): The government is taking the responsibility. I am taking the responsibility.

Mr. McGIBBON: Has a request come from any part of the Dominion?

Mr. STEWART (Edmonton): Yes, from various parts of Canada. I have not the requests before me, but I well remember that when I introduced the amendment, perhaps not worded as it is at present but in somewhat similar language, requests had come in from a number of bodies in the country asking for the repeal of section 41 in its entirety.

Mr. McGIBBON: Has the minister not confidence in himself?

Mr. STEWART (Edmonton): Oh absolutely.

Mr. STEWART (Leeds): What is the definition of a criminal offence as contained in part II of the Criminal Code referred to in this bill? The reason I ask is that this reprinted bill seems very different in character and in scope from bill 91. That bill provides:

> Whenever any alien advocates in Canada the overthrow by force or violence of the government of Great Britain or Canada, or other British dominion, colony, possession or dependency, or the overthrow by force or violence of constituted law and authority, or assassination, or shall by word or act create or attempt to create riot or public disorder in Canada, or shall by common repute belong to or be suspected of belonging to any secret society or organization which extorts money from, or in any way attempts to control any resident of Canada by force or threat of bodily harm, or by blackmail;

And so on. I should think that such a person is just as dangerous an individual or class of individual as a person convicted under the Criminal Code, and why the restriction? It appears to me it is a restrictive section, and why?

Mr. STEWART (Edmonton): For the very simple reason that it places the constitutional authority to act entirely in the hands of the minister. The old section 41 gave very wide powers to the minister to seize and deport individuals for a number of causes, and during the war it was necessary.

Mr. BURY: Is the new section 41 merely a more succinct and briefer way of comprehending all the offences included in the old section 41, or are any of the offences under the old section 41 omitted from the new section, and if so which?

Mr. STEWART (Edmonton): I say very frankly that I think, and have always thought, that the officials of the Department of Immigration should not be police officers. However the act has so fixed it. Section 41, which we are discussing to-day, simply brings to the attention of the Department of Immigration the conviction of any individual who is liable to deportation and whom the officers of the crown will have the authority to deport. It puts the matter in the hands of the police, rather than in the hands of the officials of the Immigration department. There it is however at present and this amendment is simply for the purpose of bringing these convictions to our notice. Now we propose to cancel section 41; it will go out of existence. Under the old section 41, without conviction at all, the minister could take action and deport. The minister will no longer be able to deport persons without trial—that is what it means—but the minister will still be the police officer for deportation purposes.

Mr. BURY: The answer of the minister has not dealt with the question I raised. There are two elements in the problem. One is the offences in respect to which the machinery provided by the section is to operate; the other is the particular machinery which is to operate. The minister's reply has dealt entirely with the machinery. I am not concerned with the machinery now, but I am asking the question, whatever the machinery, whether the old or the new, what offences does it deal with? Does it deal with offences under old section 41 or only with some of them? In respect of the offences, and not the machinery, is there any difference between the old section and the one that is intended to take its place?

Mr. STEWART (Edmonton): No there would not be. It deals with the same offences with this single exception, that the Minister of Immigration could not lay violent hands on an individual until he was tried.

Mr. BURY: All the present offences are there with the addition of this provision?

Mr. STEWART (Edmonton): Yes they are still offences.

Mr. EDWARDS (Frontenac): The minister has shown a disposition to answer the questions which have been put to him very fairly, but I think his answers indicate a lack of knowledge of the provisions of this bill and the changes in section 41, which leads me to believe that the minister would be

well advised if he accepted the suggestion made by the hon. member for Fort William. This is an important matter. 4 p.m. The very fact that it has been dealt with on five or six occasions in this chamber shows that it is advisable to spend a little more time on it, so that we con compare the section now submitted with the old section. I think it should be laid over.

Mr. STEWART (Edmonton): I move that the committee rise report progress and ask leave to sit again. If any hon. members who are not here to-day are interested in this perhaps hon. members would direct their attention to the bill as reprinted.

Mr. BOYS: I would like the minister to consider a slight amendment to this section. The closing part of the section contains very much the same language as the closing part of old section 41, and that language is quite applicable to the old section, because that does not contemplate a conviction at all. It merely states that persons who do certain things shall be reported to the minister. In section 41 you are dealing with a conviction and not a complaint, and no fewer than three officers will be required to send in full particulars—first, the officer cognizant of the offence who, I suppose, would be the police constable; secondly, the official of the municipality who would be the justice of the peace or the magistrate trying the case; and, thirdly, the clerk of the municipality. It seems to me ridiculous that three different officers should be called upon to send in full particulars, and I would suggest that the minister amend the bill to make it the duty of one person, the magistrate or any other judicial officer to submit a copy of the conviction.

Mr. MANION: I do not as a rule insist very strongly on an absolute adherence to technicalities, but I do think that in the interests of a proper observance of the rules of the House the procedure which is being followed in this instance should not go unchallenged. With all deference to the law officers, I cannot see how a bill consisting solely of one clause can be completely redrafted after it has been once introduced and then taken up in committee without reintroduction. Surely the introduction of the original bill cannot be considered as having introduced a bill which is virtually different. Personally I would offer no objection to the bill in its present form being formally introduced now, and I do not think that the House would object.

[Mr. J. W. Edwards.]

Mr. STEWART (Edmonton): I understood that the present procedure would be in order but I shall inquire further into the point and ask the indulgence of the House to allow me to introduce the bill and go right on with the consideration of it.

Mr. MANION: That is all right.

Mr. STEWART (Edmonton): I am afraid I did not get the amendment proposed by my hon. friend (Mr. Boys).

Mr. BOYS: The minister in this section is providing that three officers shall submit certain particulars. I think it would be well to make it incumbent upon one person, say the magistrate, to send to the minister a copy of the conviction which is registered.

Mr. STEWART (Edmonton): I shall consider the suggestion.

Progress reported.

LONG TERM FARM LOANS

Hon. J. A. ROBB (Minister of Finance) moved that the House go into committee to consider the following proposed resolution:

That there shall be a board known as the Canadian Farm Loan Board which shall be a body politic and corporate consisting of four members, one of whom shall be the Minister of Finance and the other three shall be appointed by the Governor in Council and of the latter one shall be designated by the Canadian Farm Loan Commissioners.

That the board shall issue farm loan bonds to make long term loans to farmers, and the government of Canada shall provide initial capital for the board to an amount not exceeding five million dollars and subscribe an amount of 5 per cent of the capital stock as loans are made by the board.

The government of each province in which loans are made shall be required to subscribe to the capital stock of the board as loans are made in such province an amount equal to 5 per cent of the said loans and each borrower an amount of 5 per cent of his loan payable at the time the loan is made. The loans shall be made on the security of first mortgage on farm lands; the interest rate shall be such a rate in excess of the interest payable on the farm loan bonds as is sufficient to provide for the expenses of operation; the farm loan bonds shall be legal investments and may be purchased by the Minister of Finance provided that the amount of such bonds held by him shall not at any time exceed $15,000,000; and the amount of any payment by the government of Canada on account of capital of the board or as payment for farm loan bonds purchased shall be paid out of the consolidated revenue fund on the authority of the Governor in Council.

Motion agreed to and the House went into committee, Mr. Duff in the chair.

Mr. ROBB: Hon. members will be in a better position to discuss the merits of the proposal once the bill is introduced, and I

would ask the committee to allow the resolution to go through. I move to amend the resolution by striking out the word "by" in the fourth line and making the word "commissioners" in the fifth line, singular, so that it will read "one shall be designated the Canadian Farm Loan Commissioner."

Mr. BURY: Why not strike out the word "designated"?

Mr. ROBB: I think the word is all right. It has been suggested by the Department of Justice. I move further that in line sixteen after the words "provide for the expenses of operation" there be added the words "and for the necessary reserves for losses."

Mr. MANION: Is this the rural credits scheme?

Mr. ROBB: It is popularly discussed under that name but the rural credits scheme as understood in western Canada contemplated short term loans. This is better known as the long term farm loan.

Mr. MANION: I am not objecting to the phraseology. I simply want to know whether this is to take the place of what has commonly been called rural credits.

Mr. ROBB: Yes.

Amendments agreed to.

Resolution reported, read the second time and concurred in.

Mr BOYS: Will the minister kindly explain just what is meant by the last paragraph of this resolution? It provides that the province shall subscribe 5 per cent of the loan and that the borrower shall provide 5 per cent. What about the other 90 per cent?

Mr. ROBB: They will market their own bonds.

Mr. SPEAKER: The hon. gentleman will be able to put his question on the bill. We are out of committee stage.

Mr. BOYS: I beg your pardon, Mr. Speaker.

Mr. Robb thereupon moved for leave to introduce Bill No. 148, for the purpose of establishing in Canada a system of Long Term Mortgage Credit for Farmers.

Sir HENRY DRAYTON: The hon. minister might explain now the point raised by the hon. member for North Simcoe (Mr. Boys).

Mr. ROBB: I will get all the information for my hon. friend and send him a memorandum.

Mr. BOYS: Probably I can satisfy myself by reading the bill.

Motion agreed to and bill read the first time.

RAILWAY ACT, 1919 AMENDMENT

FEDERAL CONTRIBUTION TO ELIMINATION OF LEVEL CROSSINGS

Hon. CHARLES A. DUNNING (Minister of Railways and Canals) moved that the House go into committee to consider the following proposed resolution:

Resolved, that it is expedient to amend section 262 of the Railway Act, 1919, and to provide that the total amount of money to be apportioned and payable from any annual appropriation shall not, in the case of any one rail level crossing, exceed forty per cent of the cost of the actual construction work, and shall not, in any such case, exceed the sum of twenty-five thousand dollars.

Motion agreed to and the House went into committee, Mr. Duff in the chair.

Mr. EDWARDS (Frontenac): This money comes out of a special fund, does it not?

Mr. DUNNING: Yes.

Mr. EDWARDS (Frontenac): What is the amount available each year, or is there any limitation?

Mr. DUNNING: The Railway Act provides for a grant of $200,000 per year for ten consecutive years, from April 1, 1919, to be applied as set out in the act. It might possibly be well to explain at this stage that the government has received many representations to the effect that on account of the relative smallness of the Dominion's contribution from this fund the use for which it was designed has been very little availed of during recent years. The Good Roads Association of Canada has been particularly urgent in its representations. The subject was referred to the Board of Railways Commissioners for a report, and after examining it the board thoroughly recommends the provision contained in the resolution. Briefly, it is to the effect that the Dominion's contribution shall be increased from 25 per cent to 40 per cent, with a maximum of $25,000 for a level crossing instead of $15,000 as heretofore.

Mr. EDWARDS (Frontenac): Would the minister tell us how much has been expended for the last four or five years?

Mr. DUNNING: I can go back to 1909 and give my hon. friend particulars of each year's operations:

1909-10	$ 70
1910-11	609
1911-12	7,644
1912-13	20,807
1913-14	39,968
1914-15	92,099
1915-16	47,079
1916-17	46,630
1917-18	13,740
1918-19	8,715
1919-20	12,359
1920-21	56,772
1921-22	13,292
1922-23	46,885
1923-24	44,439
1924-25	39,436
1925-26	66,224
1926-27 (to May 12/26)	16,361

That is the whole history of the payments year by year.

Mr. GEARY: What is the present appropriation?

Mr. DUNNING: The appropriation under the act is the same annually, $200,000.

Mr. GEARY: Then is it quite plain from the amendment that this will apply to individual crossings, and not to works which contain more than one crossing? It has sometimes been said with regard to section 262 of the Railway Act that the contribution should be limited to a work, and not to any individual crossing in a work.

Sir HENRY DRAYTON: I think, Mr. Chairman, the minister would be well advised to make that point clear. Very often in cities it is not a question of one crossing but of a big scheme which gets rid perhaps of a dozen crossings. My recollection is that there was difficulty in dealing with it at certain times.

Mr. STEWART (Edmonton): Does my hon. friend mean there would be a combination of several crossings in one?

Sir HENRY DRAYTON: In one scheme. Take, for example, Edmonton, where my hon. friend is familiar with the layout. When we started to straighten out things we found a whole lot of crossings had to be considered at the same time, and the point was taken—I forget whether by the Department of Finance or of Railways—that you could only give aid for one particular crossing, although a whole lot of different crossings might be involved in the one work. I think the minister might well look into that. The resolution contains the phrase, "in the case of any one rail level crossing." The proper thing to do is to get rid of the level crossing altogether and put a bridge, tunnel or something else in place of it. The original idea was to aid the elimination of grades, and to make safe highway and railway crossings. I do not think the word "level" comes in there very happily, but the minister can take that up with his legal advisers.

Mr. FORKE: I quite agree that the right thing would be either a subway or a bridge, but I am afraid that is impossible in every case. In the meantime we should make the crossings as safe as possible. I did not understand the purpose of this resolution because, as I have said before, we at the other end of the House sometimes do not know what is going on until the next day. I am afraid to come over on this side too often—

Sir HENRY DRAYTON: You probably belong there.

Mr. FORKE: —because my hon. friends opposite get a good deal of amusement when I sit over here, and I do not like to give them any more amusement than I can.

An hon. MEMBER: Why not come on this side?

Mr. FORKE: That would be all right too. I would like to emphasize the necessity of making level crossings safe in every possible way. I will admit that they are out of date, but under the circumstances it is impossible to have bridges and subways, so the only thing to do is make the level crossings as safe as possible.

Mr. BOYS: I presume the minister has the Railway Act before him; I do not recall the provisions of section 262, and if it is not too long perhaps he might read it.

Mr. DUNNING: I am just trying to clear up the point as to the number of crossings; if hon. members will permit I will try to deal with each question as it comes up.

Mr. COOTE: I wish hon. members would speak a little louder; we cannot hear what they say.

Mr. DUNNING: I will try to remember. The definition of a crossing is dealt with in the act of 1909, subsection 5 of section 7, as follows:

"Crossing", for the purposes of this section, means any steam railway crossing of a highway, or highway crossing of a steam railway, at rail level, and every manner of construction of the railway or of the highway by the elevation or the depression of the

one above or below the other, or by the diversion of the one or the other, and any other work ordered by the board to be provided as one work of protection, safety and convenience for the public in respect of one or more railways not exceeding four tracks in all crossing or so crossed.

Mr. GEARY: I know the definition, and the point has been raised that when you are combining several grade crossings in one work ordered by one order of the Board of Railway Commissioners you may only ask for a contribution from the annual appropriation for the whole work and not for each crossing, although the work may contain ten crossings. For instance, the hon. member for West York (Sir Henry Drayton) mentioned the city of Edmonton, where there was a separation of grades throughout part of the city. That took care of several crossings, and each of these crossings should receive its contribution if, in the view of the board, it is a proper case. The board should not be limited to $25,000 in respect of a whole work, but only in respect of each separation of grades, that is each highway crossing.

Mr. DUNNING: I will be glad to give consideration to that point, although part of it would appear to be covered by the provision that no such money shall in any one year be applied to more than six crossings on any one railway in any one municipality, or more than once in any one year to any one crossing.

Mr. GEARY: That is true, but the definition confuses a work with a crossing. If the minister would be good enough to consider that matter with his legal advisers the point might be cleared up.

Mr. DUNNING: I will be glad to consider it.

Mr. EDWARDS (Frontenac): I would like to ask the minister a question. I entirely agree with the Minister without Portfolio, the hon. member for Brandon (Mr. Forke), that these crossings should be made as safe as possible. Let us suppose a municipality makes a request to the Board of Railway Commissioners for the elimination of a level crossing. Does the Board of Railway Commissioners apportion the cost of such work as between the municipality and the railway on the one hand, and in relation to the 40 per cent paid by the government, on the other?

Mr. DUNNING: Not to exceed 40 per cent.

Mr. EDWARDS (Frontenac): Then is the apportionment of the other 60 per cent entirely within the jurisdiction of the Board of Railway Commissioners as between the municipality and the railway company?

Mr. DUNNING: That is the position.

Mr. BOYS: And the 40 per cent is also dealt with by the board.

Mr. DUNNING: Yes, but the board's authority to order payment from the consoldiated fund is limited to 40 per cent.

Mr. EDWARDS (Frontenac): Then the board, in its judgment, might give 30 per cent or 20 per cent, but not over 40 per cent?

Mr. DUNNING: That is right. Sometimes the province comes into the matter also, as hon. members who are familiar with the operations of the act know. Now someone has asked me to read section 262:

(1) The sums appropriated and set apart to aid actual construction work for the protection, safety and convenience of the public in respect of highway crossings of railways at rail level in existence on the first day of April, one thousand nine hundred and nine, shall be placed to the credit of a special account to be known as "The Railway Grade Crossing Fund", and shall be applied by the board subject to the limitations hereinafter set out, solely towards the cost (not including that of maintenance and operation), of actual construction work for the purpose aforesaid.

Then comes subsection (2) which we are now amending, which deals with the proportions, and then subsection (3) goes on:

In case any province contributes towards the said fund, the board may apportion, direct and order payment out of the amount so contributed by such province, subject to any conditions and restrictions made and imposed by such province in respect of its contribution.

Apparently none of the provinces have made use of that privilege, because so far as I know they have not contributed anything towards this fund. Then subsection (4) is as follows:

In this section,—

"crossing", means any steam railway crossing of a highway, or highway crossing of a steam railway, at rail level, and every manner of construction of the railway or of the highway by the elevation or the depression of the one above or below the other, or by the diversion of the one or the other, and any other work ordered by the board to be provided as one work of protection, safety and convenience for the public in respect of one or more railways not exceeding four tracks in all crossing or so crossed;

"municipality", means an incorporated city, town, village, county, township, parish, or rural municipality.

That is the whole section.

Mr. GEARY: That is the capital cost of construction of the work. The hon.

member for Brandon is more interested, I think, in the safeguarding of grade crossings by the installation of a gate or a wigwag or a signal which requires maintenance from year to year, rather than by a bridge or subway. The amount attributable to construction is very slight, and the real cost is in the annual maintenance either by mechanical means or by watchmen. Sometimes three or four watchmen are required to take care of a day and night crossing. That bears rather heavily on the municipality, I happen to know, and probably my hon. friend has cases in mind in his district where the municipalities are paying heavily for that sort of protection going on from year to year. Perhaps the minister would consider authorizing the railway board to contribute some part of the annual protection cost.

Mr. DUNNING: I am afraid I cannot undertake to do that. After all, we are increasing the proportion to be borne by the Dominion from 25 to 40 per cent and are increasing the maximum from $15,000 to $25,000. That is a big jump, and undoubtedly it will encourage the building of more works to eliminate level crossings than has been the case for a number of years past. I think we had better be content to move slowly and see what the effect is going to be after this present enlargement of the Dominion's contribution, before we undertake anything in the way of looking after maintenance. I am afraid that it would run into a very great deal of money if any provision were to be made for that. I think the hon. member for West York has probably more information on this matter than any other member of the House, and I would appreciate his view on the suggestion of providing at this time something additional for maintenance cost, as well as for the original cost of construction.

Sir HENRY DRAYTON: There is no doubt about it that the real cost in connection with protection of level crossings is the maintenance. If you are going to put in gates—I do not know what the cost is now, but once you could put in pretty good gates for $2,500 or $3,000. If you have a more complicated layout, it may cost double that amount, or a little more when you have something else tied up with it, but the gates as gates are not very expensive to install originally. Nevertheless, even in the old days, putting in gates had the effect of creating a capital carrying charge of $50,000. What I mean by that is that it took at least the interest on $50,000 to look after the maintenance of those gates, watchmen, the supply of oil, and the like. It would cost even more now I should think—I have not looked at the figures for a long time—and that is quite a burden on the municipalities.

But in justice to the minister I have to admit that the underlying idea of the act was the elimination of crossings more than anything else. At the same time there is this practical thing we have to remember. The step that is now being taken is wise. We never gave enough to crossing elimination before; we were simply playing with it, but even with what we are now doing we are not going to have very many more crossing eliminations. Grade eliminations to-day run to a great deal of money. Subways and bridges are very, very expensive. Most of them cost a great deal more than $15,000, which is the maximum contribution to-day, I understand.

Mr. DUNNING: It will be $25,000 under this amendment.

Sir HENRY DRAYTON: That helps quite materially, but what I think the minister might well do is to have just a little addition made to his resolution, which would not throw much burden at all on the government, but which would help the municipalities very materially in the construction of new gates. I think the most we could contribute from the grade crossing fund towards the cost for a gate protection—of course, this is a recollection of a great many years standing—was $200. For the ordinary level crossing protection, where there is no grade separation and the like, I think in such cases we might have a maximum not exceeding say $1,000 or $1,500 per crossing.

Mr. DUNNING: I do not get my hon. friend's point.

Sir HENRY DRAYTON: In cases where the whole cost mostly is maintenance rather than construction, I am suggesting that the maximum contribution which might be made from the grade crossing fund be say $1,000 or $1,500, or something like that. That would really help in the case of level crossings where the necessary money, owing to the position of the municipality and the railway, cannot be obtained for the purpose of putting in a subway or a bridge. Increasing the maximum would make it just that much more easy and render it more probable that we would have proper protection, watchmen and the like, without involving us in an annual contribution which might run into a great deal of money.

Mr. DUNNING: The object I had in mind, Mr. Chairman, in bringing this forward at all was to forward the original objective

of the legislation, which is the elimination of the level crossing, by increasing the amount which could be attributed by the Dominion to $25,000 per crossing. I regard it as much more advantageous to the people that the crossing should be eliminated than that we should encourage the installation of gates to a greater extent than now exists. I shall be glad to give consideration to the last suggestion made by the hon. member for West York, although it occurs to me off-hand that, with the many thousands of level crossings in Canada, such an increase might result in our general fund being depleted in providing for maintenance along the line suggested.

Sir HENRY DRAYTON: Not maintenance.

Mr. DUNNING: Well, a contribution towards installation. In that connection may I say that the board can now order up to 40 per cent of the installation.

Sir HENRY DRAYTON: But not if the installation exceeds $2,000.

Mr. DUNNING: The contribution then would be about $900.

Sir HENRY DRAYTON: But we know that both the municipality and the railway will have to go on paying two or three or four thousand dollars a year for all time.

Mr. DUNNING: The real objection I have to that is that it is rather an abandonment of the objective of the law. It is substituting the encouragement of level crossings guarded by gates for what the legislation was obviously intended in the first place to bring about, and that was, through assistance, the complete elimination of level crossings. However, I shall be glad to have the matter further looked into from the point of view my hon. friend has taken.

Sir HENRY DRAYTON: We might as well be absolutely frank with ourselves. We shall never entirely eliminate level crossings. It cannot be done. Why, if we were to eliminate all level crossings it would double the cost of your railway capital in some cases. So the thing to do is to make up our minds what is the practical way of making these crossings just as safe to the public as we can.

Mr. CANTLEY: I am exceedingly glad that the minister has brought this matter before the House, and I am only sorry that he did not go a little further. I should like to ask for information. In two cases in Nova Scotia recently, one in the county of Cumberland and one in the county of Halifax, road diversions were made by the highways board, and in each case, certainly in one, the diversion eliminated three railway crossings. Now, under the bill as brought down, will the amount contributed be limited to $25,000, or to $75,000 on account of the three railway crossings eliminated? These three railway crossings are being eliminated by an entire reconstruction of the road at a cost very much greater than $75,000. Will the minister be good enough to give me an interpretation of the act as relating to a case of that kind?

Mr. DUNNING: I am afraid I must not attempt to interpret any act, but my understanding of the administration is that under the act the Board of Railway Commissioners can give consideration to any kind of work which has for its objective the elimination of level crossings.

Mr. CANTLEY: I am not sure the minister has understood my question. I will read from the resolution as it is here:

> The total amount of money to be apportioned and payable from any annual appropriation shall not, in the case of any one rail level crossing, exceed 40 per cent of the cost of the actual construction work, and shall not, in any such case, exceed the sum of $25,000.

Now three level crossings were eliminated by the diversion. Would the contribution be limited to $25,000 or to $75,000? One of these diversions cost the highways board of the province of Nova Scotia something in the vicinity of $150,000. The other one costs less, but both of them cut out three level crossings on which accidents had occurred resulting in great damage to the rolling stock of the railway. I would be very glad if the minister could raise the amount both in the case of the 40 per cent and as to the sum total of $25,000. An enormous number of people are being killed every year and that number is unfortunately increasing. Therefore, any money which can be expended in preventing accidents of this kind is surely justified. The highways were created before the railways came into existence, and bearing that fact in mind the railways should assume at least one-half the cost of making diversions which will not only give more protection to the public, but will also protect railway property.

Mr. MILLAR: I should like to bring to the attention of the committee a matter that has been on my mind for some little time. I believe that if a slight and very inexpensive addition were made to the signs placed at railway crossings a good many accidents might be prevented. The necessity of this was brought very forcibly to my attention

last summer, when a very sad accident occurred near the town where I reside. Perhaps if I described this accident hon. members could better get my point of view. A family of five, on their way to the exhibition at Regina came up to a railway crossing where there was a double track, a fact of which they were not aware. A long freight was proceeding westerly, and they waited for it to pass. Immediately that freight passed the automobile driver pulled up onto the track. But a short freight was proceeding eastward at the same time, the sight of which was hidden from the driver's view by the long freight. Apparently the engineer of the short freight blew the whistle as required by law, but the engines being close together the driver of the motor thought it was the engine of the train he was watching. The result was that he got on the track. The east bound freight was only about forty yards away and travelling at a fast rate. It struck the car and two of the occupants were so badly injured that they died within an hour or two. Two others were seriously injured, and a fifth person escaped with a few scratches. I asked the driver afterwards, when he was in the hospital recovering, this question: Had there been some additional sign denoting that the track was a double one would not some of the occupants of the car have noticed it with the result that the accident would not have taken place? The injured man told me that he felt certain such would have been the case. It seems to me that if some additional device carrying the word "double," in a different colour, or perhaps in red letters, were placed above the present sign "railway crossing" so that it would read "double railway crossing," a good many accidents would be prevented. It would cost very little because it would only need to be placed where there was a double track crossing. Recently I was informed that a similar accident took place in western Ontario, but I failed to notice it in the paper and could not find out exactly where it happened. There is nothing to indicate at these crossings that there is a double track, or that there are three tracks, and many people who are accustomed to driving across single track are apt to forget the danger. I should like to point out that in the particular instance I spoke of the west bound freight was right in front of the people sitting in the car and thus prevented them from seeing the second track on the other side. That is all I wish to say in connection with this matter, but I hope the minister will seriously consider the representations made.

[Mr. Millar.]

Mr. WOODSWORTH: May I just remark that accidents of this kind seem to me to indicate very clearly the necessity not of more signs, but of having crossings which make such accidents impossible. I do not think that level crossings can be justified simply because of their cheapness or a sufficiency of signs. I should like to look at this matter not merely from the standpoint of people who are travelling in motor cars, but also from the point of view of the railway employees. I know that representations have been made again and again to the government by railway employees as to the dangers which exist at level crossings. These employees are under a very great strain constantly in trying to be on the lookout for possible traffic when they should be attending to their engines or to other duties. It seems to me that these representations, made by men who are daily brought into contact with the possibility of accidents, ought to be listened to, and the comparatively small expenditure involved ought not to stand in the way of taking adequate measures for the protection of human life.

Mr. BOYS: Who is administering the act?

Mr. DUNNING: The Board of Railway Commissioners for Canada.

Mr. BOYS: I know, but when disbursements are made by the Department of Railways directly?

Mr. DUNNING: The amount voted each year is paid into the consolidated fund, and payments are made out of this fund on the order of the railway commission and through the Department of Finance.

Mr. BOYS: Dealing with the point raised by the hon. member for Pictou (Mr. Cantley), I would ask the minister for his understanding of the phraseology appearing in the third line:

—money to be apportioned and payable from any annual appropriation shall not, in the case of any one rail level crossing, exceed 40 per cent—

What is meant by "one rail level crossing"? Does "one rail" mean one track and if there are four tracks will they be treated as one? I presume the bill has already been drafted, and it might be important to know whether the wording in the bill will be identical with the wording in the resolution. If so, what I have to say would certainly be more important. If the wording is going to be different, it may be that the resolution can stand until we get the bill itself. In the meantime I think it would enlighten the committee to have the minister say what is meant by one rail level crossings.

Mr. DUNNING: I have a draft copy of the bill here and the provision proposed to be substituted for subsection 2 of the present act reads as follows:

The total amount of money to be apportioned, and directed and ordered by the board to be payable from any such annual appropriation shall not, in the case of any one crossing,—

Mr. BOYS: That is better.

Mr. DUNNING:

—exceed forty per cent of the cost of the actual construction work in providing such protection, safety and convenience, and shall not, in any such case, exceed the sum of $25,000, and no such money shall in any one year be applied to more than six crossings on any one railway in any one municipality, or more than once in any one year to any one crossing.

That is the actual section as drafted.

Mr. BOYS: That does, for the moment, raise the point as to what is a crossing. I have in my mind one in my own part of the country where, as a matter of fact, I think there are four tracks. I am not quite sure from that reading just how this will work out. I should think that each track would be a crossing.

Some hon. MEMBERS: No.

Mr. DUNNING: The definition of a crossing as now contained in subsection 4 will of course apply. That reads as follows:

"crossing" means any steam railway crossing of a highway, or highway crossing of a steam railway, at rail level, and every manner of construction of the railway or of the highway by the elevation or the depression of the one above or below the other, or by the diversion of the one or the other.

That answers my hon. friend. The section continues:

And any other work ordered by the board to be provided as one work of protection, safety and convenience for the public in respect of one or more railways not exceeding four tracks in all crossing or so crossed.

I have read that section three times to the lawyers in this House and they have not got it yet.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 149, to amend the Railway Act 1919.

Motion agreed to and bill read the first time.

CHICOUTIMI HARBOUR COMMISSION

Hon. P. J. A. CARDIN (Minister of Marine and Fisheries) moved that the House go into committee to consider the following proposed resolution:

Resolved, that it is expedient to bring in a measure to incorporate the Chicoutimi Harbour Commissioners, and to make provision for the improvement, management and regulation of the harbour of Chicoutimi, in the province of Quebec.

Motion agreed to and the House went into committee, Mr. Duff in the chair.

Mr. MANION: Before the resolution is carried, I am interested to know something about it in a general way. We have harbour commissions at Quebec, Montreal, Toronto and Vancouver, and I should like to know why one is required at Chicoutimi?

Mr. CARDIN: It is proposed to incorporate the Chicoutimi Harbour Commissioners, more particularly in view of the development which is taking place in lake St. John and vicinity. The Chicoutimi harbour is somewhat important at the present time. Chicoutimi has a population of nearly 10,000, and in view of the development taking place in that district, it has been found necessary to place the harbour of Chicoutimi under the jurisdiction of a harbour commission.

Mr. MANION: How much money has been spent on the harbour there?

Mr. CARDIN: I could not say. It has been under the Department of Public Works.

Mr. MANION: I do not want to appear in the position of opposing the measure, but I want information. The minister says it is necessary, and it struck me as strange. There are a great many harbours on the Great Lakes where the government has spent millions of dollars and where there are no harbour commissions. The development at Chicoutimi is pulp and paper is it not?

Mr. CARDIN: No, aluminum.

Mr. MANION: I cannot imagine that one industry at Chicoutimi would make the harbour compare with the harbours on the Great Lakes where they are handling coal. I have no objection personally however. What is the intention of the government in regard to the harbour commission? Is there any hope of it being self-supporting?

Mr. CARDIN: We hope it will be.

Mr. MANION: From dues collected in the harbour?

Mr. CARDIN: Yes.

Mr. MANION: Is there anything in the bill which will be based on the resolution providing for expenses?

Mr. CARDIN: The expenses will be met by the harbour commission.

Mr. MANION: But the commission will have no money until it is collected by them. Will there be any advances by the government?

Mr. CARDIN: No.

Sir HENRY DRAYTON: We must not assume too quickly that the minister is 100 per cent right. He is not asking for any advance this session, but next session or the following session he will be asking for it. It will be just the same as Three Rivers. Does my hon. friend remember the nice discussion we had when Three Rivers wanted to get a commission, and our genial friend, who is now in another chamber, was very much in favour of it? I think he found that it was a regular nuisance. We know there is the matter of necessity. Somebody wants a job in connection with the harbour commission. It is a great necessity sometimes to supply the job.

Mr. CARDIN: Is the hon. member speaking from experience?

Sir HENRY DRAYTON: Oh yes, but I was always able to withstand the pressure. We never incorporated one harbour commission while I was in office. My hon. friend is not quite so successful in that respect as I fortunately was. The minister is quite right in asking me about that matter. Of course we experienced the same thing. People want patronage here and jobs there all over the country, and every now and again the government falls for it. I think hon. members will agree with me that we have larger harbours without commissions and harbours where the government has spent considerable sums of money. What really is the idea of having this commission? Must we give it to Chicoutimi because Three Rivers got it three years ago? Is that the real idea?

Mr. CARDIN: No.

Sir HENRY DRAYTON: What is the real necessity?

Mr. CARDIN: We believed that the affairs of the port could be administered to better advantage by a commission in close contact with the harbour at Chicoutimi and familiar with the conditions there. We
5 p.m. thought that preferable to sending someone from the department down there to look after the affairs of this port. I am quite sure the harbour is going to take care of itself, in view of the development, as Three Rivers has done. We have not advanced any money to Three Rivers up to the present time, and I am informed they have a surplus. We expect great developments will take place around lake St. John, and if later on they come to parliament asking for any assistance they will probably be in a position to show that they are capable of paying interest on the money we may advance to them. It may be that the government has made large expenditures in places where there have been no harbour commissioners, but I think hon. gentlemen will agree that the request in this case is legitimate.

[Mr. Cardin.]

Mr. MANION: Unquestionably it is legitimate so long as it does not involve the people of Canada in any expense. I would point out to the minister however that large sums have been spent in harbours, much more important than that of Chicoutimi, without any reference at all to harbour commissions. Take for instance one of the most important harbours in the whole Dominion, a harbour through which probably more freight is shipped than through Montreal, even. I refer to the head of the lakes, were 80 or 90 per cent of the grain of western Canada is handled, not to mention coal going west and all package freight westbound which does not go via the Panama canal. That harbour is immense and some $14,000,000 has been spent on it; yet there has never been a harbour commission there. It is obvious therefore that very much can be done without the assistance of a commission. Howver, if it pleases the people of Chicoutimi to have a harbour commission, I have no objection, although it would be rather a different matter if we were asked later on to pay the expenses of that commission. The construction of public works is of course another question.

Mr. BOYS: What is the present revenue of Chicoutimi?

Mr. CARDIN: I have not the figures under my hand, but I shall give them when the bill is before the committee.

Mr. BOYS: Unless the revenue were substantial I should not think this would be a paying proposition, and if it is to be made at all appreciable there will be imposed on those using the wharves an additional burden.

Mr. TOLMIE: What sized ships use the harbour now?

Mr. CARDIN: All ocean liners can get into the port, and they go there for pulp, coal, aluminum and other things necessary for development purposes.

Mr. TOLMIE: Can the harbour accommodate a vessel of eight or ten thousand tons?

Mr. CARDIN: I think so.

Mr. TOLMIE: What is the population of Chicoutimi?

Mr. CARDIN: Ten thousand.

Mr. TOLMIE: What is the depth of water at the docks?

Mr. CARDIN: Thirty feet, at least.

Sir HENRY DRAYTON: Can the minister tell us on what principle, in his opinion, harbour commissioners should be appointed? When should we have harbour commissioners, and when not? Can he tell us whether it is a question of asking for them and, if so, how many times the request must be made and reinforced? Or whether it is a question of a number of gentlemen having to insist upon it and, if so, how many gentlemen? Or whether it is a matter of tonnage and so forth? In other words, on what basis does the minister recommend the appointment of harbour commissions?

Mr. CARDIN: I recommend the establishment of the commission because I am disposed to accept the representations of the people residing in the district. I may assure my hon. friend that although I am interested in the port of Sorel, where I live, we have no harbour commission, nor do I propose asking for the incorporation of one.

Sir HENRY DRAYTON: Why not?

Mr. CARDIN: I do not think it is necessary at the present time.

Sir HENRY DRAYTON: Again, why not?

Mr. CARDIN: I am satisfied with what we have. In the case of Chicoutimi, however, the request has been very pressing and I do not see any objection.

Sir HENRY DRAYTON: How does the tonnage at Chicoutimi compare with the tonnage at Sorel?

Mr. CARDIN: It is probably about the same in each case, but unfortunately there are not as many boats going to Sorel as there are to Chicoutimi.

Sir HENRY DRAYTON: Well, then, if the tonnage is approximately the same we are to infer—what I thought was really the fundamental reason—that someone has been pressing for this commission. I have no doubt of course that my hon. friend feels safe at Sorel, and it is therefore not necessary for him to bother his head about harbour commissions or harbour commissioners. Indeed, that would be another reason why he would not want to ask for a commission for Sorel. Apparently however he is more interested in the fate of the chief whip (Mr. Casgrain), and so there are to be harbour commissioners at Chicoutimi.

Mr. CASGRAIN: That is not in my district.

Sir HENRY DRAYTON: It is in the vicinity.

Mr CASGRAIN: I have the honour to represent the constituency of Charlevoix-Saguenay and not Chicoutimi.

Sir HENRY DRAYTON: The hon. member's district is on the Saguenay.

Mr. BROWN: Guess again.

Sir HENRY DRAYTON: Does my hon. friend from Lisgar (Mr. Brown) know where Saguenay is? It is the constituency adjoining that of the chief whip, who is naturally concerned in his neighbour's welfare. He has that neighbourly feeling which the hon. member for Lisgar shows for so many people who think in the same way as he does. As I say, my hon. friend (Mr. Cardin) is safe in Sorel, and so he does not ask for a commission there; but as the people of Chicoutimi are urging this upon the government they are going to get a commission.

Mr. BURY: Is there any body that exercises any control over harbour commissioners in respect of harbour rates, and so on, just as the Board of Railway Commissioners does over the railways in respect of railway rates?

Mr. CARDIN: The Department of Marine has fixed certain minimum rates which may be increased by the harbour commission, but all such increased rates must be submitted to the department and confirmed by the Governor in Council.

Resolution reported, read the second time and concurred in. Mr. Cardin thereupon moved for leave to introduce Bill No. 150, respecting the Chicoutimi Harbour Commissioners.

Motion agreed to and bill read the first time.

THE DOMINION FOREST RESERVES AND PARKS ACT AMENDMENT

Hon. CHARLES STEWART (Edmonton, Minister of the Interior) moved the second reading of Bill No. 97, to amend the Dominion Forest Reserves and Parks Act.

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

On section 1—Schedule amended.

Sir HENRY DRAYTON: Perhaps at this point the minister can conveniently explain the bill.

Mr. STEWART (Edmonton): Mr. Chairman, the bill is for the purpose of making some changes in the boundaries of the various forest reserves in the four western provinces where we are withdrawing agricultural land that was originally included in the reserves, and in other cases land that is not fit for agricultural purposes we are adding to the reserves. The withdrawals from the forest reserves in Saskatchewan amount to 167.27 square miles, and the additions to 15.40 square miles. The largest withdrawals are from the forest reserves of Saskatchewan because in the north, by mistake, we incorporated within the Porcupine and Pasquia reserves a considerable area of land that turns out to be good agricultural land. As soon as it is withdrawn it will be thrown open for homesteading. Very careful inspection has been made of these lands, and we think it would be beneficial both from the agricultural standpoint and from the standpoint of forestry to make these changes.

Sir HENRY DRAYTON: This bill is doing two things, if I understand the minister aright, additions and withdrawals.

Mr. STEWART (Edmonton): Yes.

Sir HENRY DRAYTON: Is it all done under the same section?

Mr. STEWART (Edmonton): Under the same bill.

Sir HENRY DRAYTON: I see only one section.

Mr. STEWART (Edmonton): It defines all lands added and all lands withdrawn.

Sir HENRY DRAYTON: Can my hon. friend tell us what is added and what is withdrawn? What does paragraph 1 do?

Mr. STEWART (Edmonton): The main withdrawals in Saskatchewan are from the Porcupine forest reserve No. 2, and the Pasquia forest reserve, and total 158 square miles. This strip is located partly in the Porcupine and partly in the Pasquia forest reserves. These withdrawals are considered advisable owing to the fact that areas with soil suitable for agricultural development, but covered with a dense stand of merchantable timber, were included in the reserves in order that proper fire protection might be afforded. Now that a large percentage of the timber has been removed, and the soil is of good quality, it is deemed advisable to make these areas available for settlement. Then the additions—

Sir HENRY DRAYTON: I do not see in the bill which is a withdrawal and which is an addition. That is what is puzzling me.

Mr. BURY: For the purpose of easy reference later, it seems to me it would have been advisable to have kept the withdrawals and the additions in separate sections. In the withdrawal of this land and opening it for homesteading is there any danger of encouraging the movement of homesteading away from railways, and thus intensifying the old evil?

Mr. STEWART (Edmonton): There is no such danger so far as the Porcupine reserve No. 2 is concerned, from which we are eliminating an extensive area. I think I have a report of the acreage of the sections which will be withdrawn.

Sir HENRY DRAYTON: In paragraph 1 are we subtracting or adding?

Mr. STEWART (Edmonton): I must frankly confess that I cannot tell my hon. friend. I have particulars in my notes of the subtractions. Clearly there is an oversight in the drafting of the bill; it should have been definitely stated whether a withdrawal or an addition was being made.

Sir HENRY DRAYTON: Yes.

Mr. STEWART (Edmonton): It is proposed to withdraw from the Porcupine reserve certain areas, particulars of which I can furnish the committee.

Sir HENRY DRAYTON: Which paragraph covers it?

Mr. STEWART (Edmonton): Undoubtedly it is paragraph 1.

Mr. BOYS: I do not think there is any doubt, Mr. Chairman, that you are adding, because I observe the closing part refers to an area of "187.75 square miles," which is to be struck out and "189.80 square miles" substituted. This would indicate the territory has been increased.

Mr. STEWART (Edmonton): Yes. I frankly confess it is not very illuminating to a layman.

Sir HENRY DRAYTON: It is worse to a lawyer, for he is not a good guesser; he must follow the wording.

Mr. BURY: Would it not be possible to have a map of the original reserves with the added and subtracted sections marked?

Mr. STEWART (Edmonton): I have them very clearly set out in my notes. I can give the sections withdrawn for homesteading from the Porcupine reserve. The additions

to that reserve are small. We propose to add the northwest quarter of section 13 and the northwest quarter of section 25, comprising .5 square miles. The withdrawals are considerable in number, because this is the one reserve where we appear to have included a considerable amount of agricultural land.

Sir HENRY DRAYTON: Have you an index to your notes so you can tell us which section deals with White Mouth river, for example?

Mr. STEWART (Edmonton): White Mouth river is in Manitoba.

Mr. BURY: We should have more accurate knowledge of what is proposed to be done in this bill, or we might just as well give the government carte blanche to do what they like. The explanatory note here might very well have embodied what is proposed section by section. For instance, paragraph 1 of the explanatory note might have given us a brief statement of what section 1 of the bill does; it adds so many sections and takes away so many sections; the note might continue in the same way through the bill, but as it is now it is virtually valueless.

Mr. STEWART (Edmonton): The difficulty is that the bill has been drawn as an amendment to the forest reserves act. I have the proposals here in quite concrete form, taking Manitoba first. The present area of the Sandilands reserve is 187.75 square miles; we are making there an addition of 1.55 square miles, which makes a total of 189.30 square miles.

Sir HENRY DRAYTON: That is an addition?

Mr. STEWART (Edmonton): Yes. In Turtle Mountain it remains the same; in Riding Mountain—

Sir HENRY DRAYTON: We are rid of paragraph 1; my hon. friend says we are to make an addition there. Then paragraph 2 reads:

> Paragraph three of the said schedule is amended by inserting the figure "9" preceded and followed by a comma after the figure "2" in the twentieth line of the said paragraph.

What is the effect of that change?

Mr. BEAUBIEN: May I ask if the settlers along the Sandilands reserve know anything about these changes?

Mr. STEWART (Edmonton): There is no change in the Sandilands reserve except the addition of 1.55 square miles; there is no change in Turtle Mountain—

Mr. BEAUBIEN: I misunderstood it.

Mr. STEWART (Edmonton): In Duck Mountain we are eliminating 19.80 square miles, so the total area is now 1,426 square miles instead of 1,446. In Porcupine No. 1 there is no change. That covers Manitoba. The biggest change is in Saskatchewan.

Sir HENRY DRAYTON: I have sent for the act, to see if we can make anything out of the amendment with the act before us.

Mr. SPENCE (Maple Creek): Will the minister give us the changes in Saskatchewan?

Mr. STEWART (Edmonton): Yes. In Porcupine No. 2 we are eliminating 79.25 square miles and adding .50 square miles, which makes the total 2,791 square miles. The Duck Mountain reserve remains the same; the Elbow reserve is the same and Beaver Hill the same.

Mr. BURY: Would the minister just give us the sections instead of the names, because we have nothing to show what section relates to Duck Mountain.

Mr. STEWART (Edmonton): In Saskatchewan it is proposed to add the northwest quarter of section 13 and the northwest quarter of section 25, township 36, range 32, west of the first meridian. It is proposed to withdraw the following: the southwest quarter of section 4, township 36, range 31, west of the first meridian; sections 7, 8, 9, 10, 11, 12, 13, 14, 16, 17 and 18 and the south half and northwest quarter of section 15, in township 44, range 3; that portion of township 44, range 4, lying north of the Red Deer river; that portion of township 43, range 7, which is included in the reserve; all of township 44, range 7 except legal subdivision 7 of section 18; sections 6, 7 and the west half of section 18, township 44, range 11; all being west of the second meridian and comprising 79.25 square miles. From the Pasquia forest reserve it is proposed to withdraw township 45, range 3, sections 19, 20, 29, 30, 31, and 32; township 45, range 4, all that portion of the township which is included in the reserve; township 45, range 7, sections 1, 2, 3, 4, 5 and 6 and those portions of sections 8, 9, 10, 11 and 12 and of the south half and northeast quarter of section 7 lying south of the southern boundary of the Canadian National railway right of way; township 45, range 9, sections 13 to 36 inclusive; township 45, range 10, sections 13, 14, 15, 16, 18, 20, 22, 23, 24, 25, 26, 27, 34, 35 and 36, the south half of section 17, the south half of section 19, the south half and northeast quarter of section 21 and the east half of section 28.

Sir HENRY DRAYTON: I think I can give the hon. gentleman (Mr. Bury) the information he desires. The first paragraph relates to the Sandilands forest reserve. Paragraph 2 of our present act relates to paragraph 3 of the original act, having to do with the Spruce Woods forest reserve; then paragraph 3 of our bill refers to paragraph 4 of the schedule, which is the Riding Mountain forest reserve. If the minister will just mark these in his bill he will be able to give us more information. Then paragraph 4 of our bill refers to the Duck Mountain forest reserve. Paragraph 5 refers to Porcupine Forest Reserve No. 2.

Mr. STEWART (Edmonton): That is the big withdrawal.

Sir HENRY DRAYTON: Paragraph 6 refers to Moose Mountain forest reserve; paragraph 7 deals with Pasquia forest reserve; paragraph 8 with Keppel forest reserve; paragraph 9 with Fort a la Corne forest reserve; paragraph 10, with Nisbet forest reserve; paragraph 11, with Pines forest reserve; paragraph 12, with Cypress Hills forest reserve No. 2; paragraph 13, with Manitou forest reserve; paragraph 14, with the Rocky Mountains forest reserve; paragraph 15, with the Larch Hills forest reserve; paragraph 16, with the Fly Hill forest reserve; paragraph 17, with the Monte Hills forest reserve; paragraph 18, with the Niskonlith forest reserve; paragraph 19, with the Hat Creek forest reserve; paragraph 20, with the Shuswap forest reserve.

Mr. STIRLING: Can the minister tell us where the Fly Hill forest reserve is?

Mr. STEWART (Edmonton): It is proposed to withdraw legal subdivisions 9 and 10 of section 7, township 21, range 11, west of the sixth meridian.

Mr. STIRLING: Has the minister any idea where that is?

Sir HENRY DRAYTON: It must be near the Niskonlith forest reserve.

Mr. FRASER: Is the minister adding areas to these reserves?

Mr. STEWART (Edmonton): No, only the small withdrawals I mentioned.

Mr. FRASER: And no additions?

Mr. STEWART (Edmonton): No.

Mr. STIRLING: Is the Shuswap to be a new one altogether?

Mr. STEWART (Edmonton): That is a new one entirely.

[Mr. C A. Stewart.]

Mr. FRASER: Do these changes in any way affect the rights of the trapper to catch fur in the reserves?

Mr. STEWART (Edmonton): No.

Mr. FRASER: In no way at all?

Mr. STEWART (Edmonton): No, the same laws prevail within the reserve as outside. The provincial law prevails with respect to hunting and trapping.

Mr. FRASER: It is different from the park reserves.

Mr. STEWART (Edmonton): Quite.

Mr. MEIGHEN: Who are the officers who have recommended all these alterations?

Mr. STEWART (Edmonton): Well, the Forestry officials take the responsibility, but the investigations are made by the officers of the department.

Mr. MEIGHEN: Which ones?

Mr. STEWART (Edmonton): The officers in the various provinces.

Mr. MEIGHEN: The officers of the provinces?

Mr. STEWART (Edmonton): No, the officers of the federal government, the forestry officials.

Mr. MEIGHEN: Which officials though?

Mr. STEWART (Edmonton): The officials under the control of Messrs. Finlayson and Cameron. I cannot tell my hon. friend who the local officials are throughout the provinces who actually do the reconnaissance work.

Mr. MEIGHEN: Messrs. Finlayson and Cameron have not examined the ground themselves.

Mr. STEWART (Edmonton): No.

Mr. BURY: Is it the intention to open up the agricultural land at once or merely to hold it in reserve?

Mr. STEWART (Edmonton): As soon as the bill is passed and the lands are withdrawn they will be listed for settlement.

Mr. BURY: How close are they to a railway and to other settlers?

Mr. STEWART (Edmonton): I cannot give my hon. friend that information. A demand has been made to have them opened, and in response to that request an inspection was made last summer. The decision to withdraw the land was arrived at after inspection. As a matter of fact there are no closed areas, whether they be near or distant from railways, anywhere for homesteading. Therefore,

I did not think it was material to bring any data as to distance, and in the present case I have not got the exact distance of the land from a railway. This will simply be an addition to other lands that are in the vicinity. We do know that some of these withdrawals are quite close to the railway.

Mr. BURY: My only point is this: We recognize now that it was a mistaken policy to throw distant sections open to homesteading and have people go away up into the Peace river, to settle hundreds of miles from a railway, and almost starve until they could get railway accommodation. There is now no holding up of lands open for homesteading, I recognize that, but what I have in mind is this: If the old policy was a faulty one, are you not—in so far as these lands which are far from railways and far from settlement are concerned—increasing the evil? It is true you cannot hold up land that is open for homesteading, but if you keep these lands still in the forest reserve you yet accomplish the same result as holding them up from settlement.

Mr. STEWART (Edmonton): If I may say so I think my hon. friend is unduly alarmed. There is no demand for withdrawal of lands from forest reserves until settlement surrounds them as a rule. It is not the desire to select pieces of land in forest reserves for homesteading when there is open land about them. But when settlement has taken place around the reserves we get requests to open up these areas.

Mr. BURY: That is the way in which the homestead areas like those of the Peace river and the Grand Prairie have increased in settlement. An old settlement was there and because of the presence of a little settlement the population grew, and at first there were no homestead restrictions. Now, you may have a slight settlement round these particular areas in the forest reserve, you may have enough settlement to induce more settlement; but if they are far from railways, and cannot come within decent railway distance for some considerable time, is it wise to encourage further settlement in those particular areas? That is all I am asking.

Mr. STEWART (Edmonton): Porcupine No. 2, from which the largest number of withdrawals was made, is practically surrounded by settlement, and the demand has come to thicken up the settlement there rather than to have it take place farther away In that particular case I know there will be no request for railway communication, and it will not be an isolated settlement.

Mr. FRASER: I understand the extension of the Shuswap reserve is for forestry purposes, not for agricultural purposes.

Mr. STEWART (Edmonton): It is for the preservation of these lands for forestry purposes purely and simply. But what we have been discussing is the withdrawal of land from the forest reserves.

Mr. MEIGHEN: Does the minister intend to have any more forestry weeks?

Mr. STEWART (Edmonton): Yes.

Mr. MEIGHEN: I noticed that the last week was no sooner over than a forest fire started.

Mr. STEWART (Edmonton): The good Lord makes the weather, not the Department of the Interior.

Mr. MEIGHEN: What has been the extent of the destruction?

Mr. STEWART (Edmonton): I have not received any report. I understand that in Manitoba there have been some very bad fires, I think probably the worst, but I have no report as to the extent of the destruction.

Section agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read a third time? Now?

Mr. MEIGHEN: No, Mr. Speaker, not the third reading.

Mr. SPEAKER: Next sitting of the House.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 98, for the relief of Joseph Robert Crow.—Mr. Duff.

Bill No. 99, for the relief of Stanley Bennett—Mr. Garland (Carleton).

Bill No. 100, for the relief of Katherine Landon Foley.—Sir Henry Drayton.

Bill No. 101, for the relief of Edith Annie Say.—Mr. White (Mount Royal).

Bill No. 102, for the relief of Isabella Stewart Carmichael Wilson.—Sir Henry Drayton.

Bill No. 103, for the relief of May Maud Mary Johnson.—Mr. Bell (Hamilton).

Bill No. 104, for the relief of Roland George Wickens.—Mr. Arthurs.

Bill No. 105, for the relief of Marjorie Durham Morgan.—Mr. Mewburn.

Bill No. 106, for the relief of Amber May Wolfenden.—Mr. Bothwell.

Bill No. 107, for the relief of Enda Beatrice Burley.—Mr. Hocken.

Bill No. 108, for the relief of Bessie Hyde Lanyon Calhoun.—Mr. Donaghy.

Bill No. 109, for the relief of Bleecker Foy Maidens.—Mr. Peck.

Bill No. 110, for the relief of George Almon Wickett.—Mr. Peck.

Bill No. 112, respecting certain patents owned by the Sealright Company, Inc.—Sir Henry Drayton.

CONSIDERED IN COMMITTEE—BILL REPORTED

Bill No. 93, to incorporate The Canadian Dexter P. Cooper Company.—Mr. Hanson.

HOUSE PROTECTIVE SERVICE

REPORT OF BOARD OF INTERNAL ECONOMY—MR. SPEAKER

Mr. SPEAKER: Before the House proceeds with the next order of business I desire by unanimous leave to read the report which I have prepared in consequence of a meeting of the Board of Internal Economy this morning:

With regard to the complaints arising out of the action of the Sergeant-at-Arms in taking means to prevent theft in the members' rooms, the matter was brought before the Board of Internal Economy this morning.

After hearing Colonel Bowie's explanation and considering his memorandum, the board was of opinion that he acted in good faith, his sole object being to protect the property of members. Since the opening of the session, different objects, and sometimes money, have disappeared from desks in the members' rooms. It is a well known fact that there are several keys for each room, some of which are for the char service and secretaries, messengers and pages. A patrol has always been carried out for fire protection and other services such as heating, light, et cetera. The emergency order given by the Sergeant-at-Arms on May 1st was not, as has been stated, for the purpose of raiding liquor in the rooms. The law allows anyone to have liquor in his possession, provided it is obtained legally or purchased from an authorized vendor.

It was because of several complaints that the above order was given. Unfortunately it was not written and the officer to whom it was intrusted, instead of carrying it out himself, with proper caution, passed it on to a subordinate who, in turn, gave it to another constable. The men who made the search found, in unlocked desks, several objects besides liquor, which they labelled and took over to the constables' quarters.

In view of the wrong impression caused by this urgent measure of protection, I have given instruction, after consulting my colleagues of the Board of Economy that, in future, none but the usual patrol will take place and members will have to accept the responsibility for the safeguarding of their personal effects in their desks and filing cabinets.

A fictitious and libellous list has been circulated purporting to give the names of the members in whose rooms the effects were found. The Royal Canadian Mounted Police has been requested to inquire as to how it originated.

Action will be taken as soon as the report is received.

Undue importance was given to this incident which, after all, was nothing but a measure of protection unfortunately magnified and aggravated by the circumstance that it seemed connected with the infraction of the temperance act.

Regarding the claim of extra territoriality raised by the hon. member for Winnipeg North Centre (Mr. Woodsworth) as applied to parliament buildings, it is a very big question which requires careful study and consideration. I may, however, state in a general way that the immunities, rights and privileges of parliament are of immemorial standing and, according to Anson, page 153, it has always been admitted by the courts that the House has the exclusive right "to regulate its own internal concerns."

I think this will put an end to an incident that, as I say, has been unduly magnified.

SUPPLY

CUSTOMS AND EXCISE

The House in committee of Supply, Mr. Duff in the chair.

Miscellaneous—amount required for remission of excise tax paid on automobiles remaining in the hands of dealers and unsold, at the time when such tax was repealed by order in council, December 18, 1920, P.C. 1/3163, $1,690,000.

Hon. GEORGE H. BOIVIN (Minister of Customs and Excise): Mr. Chairman, this item was inserted for the purpose of remitting to the automobile dealers of Canada the luxury tax which they had paid to the Dominion government in 1920, when the tax was removed by order in council without any effective provision having been made to recoup the dealers for the amount which they had paid to the Dominion government, but which they had not yet collected through the sale of their cars. I think the matter is well understood by the House, a very elaborate statement, I am informed, having been prepared by the Retail Automobile Dealers' Association of Canada and mailed to every hon member. I understand there is unanimity concerning this refund. I am quite willing to answer any questions as to the number of cars or the amount of the claims. It might perhaps be well to place upon Hansard a short history of the reason for the refund.

Mr. CHAPLIN (Lincoln): At the commencement the minister might say why the government delayed so long in making this refund.

Mr. BOIVIN: For the same reason that my hon. friends who sit on the other side of the House delayed making the refund from the date the order in council was passed in December, 1920, until they went out of power in 1921, a year later.

Mr. CHAPLIN (Lincoln): We had but one year.

Mr. MEIGHEN: What was that reason?

Mr. BOIVIN: I am informed that it was an effort to arrange a settlement between the automobile dealers and the automobile manufacturers under a certain verbal agreement which had been entered into between their respective representatives at the time the luxury tax was removed. That agreement was never carried out.

Mr. MEIGHEN: By whom?

Mr. BOIVIN: By the manufacturers. In justice to my right hon. friend and to the members of his cabinet I have just stated that they attempted to settle the matter by getting the manufacturers to indemnify the dealers when the tax was repealed The present government endeavoured to adjust the matter in the same way without drawing upon the federal treasury.

There are two questions involved. The first is, Shall the refund be made? I think everyone is agreed that this should be done. The refund will be made by the government to those parties who paid the tax, but it will be safeguarded in such a manner that that portion of the refund which has not been made up by the manufacturer to the retailer will eventually reach the retailer who paid the tax.

The other question relates to interest. The sum included in the estimate is sufficiently large to repay the entire amount of the taxes paid on all automobiles in the dealers' hands which were unsold on December 20, 1920, amounting to $1,250,000. It is estimated that the interest upon that represents approximately the balance of $440,000.

The refund, of course, is more or less of a compassionate allowance, because it is admitted by all that the government which imposed the taxation had a right to remove it, but the removal of the luxury tax, which was asked for by the automobile manufacturers of Canada, certainly caused a real hardship to the dealers. The total number of dealers affected and who submitted claims for a refund is 1,504. The lowest loss sustained by any dealer was $69.30, excluding interest to date. The highest loss of any dealer was $19,012.98; the average loss per dealer was approximately $833.33, and the total number of cars included in the claims was 7,503. The Canada Motor Car Company of Toronto has gone into liquidation and its business is being wound up. The liquidator of the concern has submitted a claim on behalf of the company and the creditors will, of course, get the benefit of the refund when it is made.

Mr. EDWARDS (Frontenac): What is the refund in that case?

Mr. BOIVIN: I am afraid I cannot give that information to my hon. friend. I do not think I have the names of the individual dealers. It is not the practice of the department to give the amount due any particular person or partnership, and while I could give the amounts by provinces, the number of dealers, and the amount of the claims in each particular province, I am afraid I cannot give any individual names and amounts. I would have no objection to doing so in this particular case, but I do not happen to have the information.

Mr. CHAPLIN (Lincoln): Will the minister say how he proposes to deal with the case where the automobile manufacturer made certain refunds to the dealer?

Mr. BOIVIN: Yes. That matter has been arranged through the good offices of Mr. James R. Dixon of Ottawa; two different powers of attorney have been drawn up whereby he has been authorized to represent both the manufacturers and the dealers. The manufacturer makes proof of the amount of money remitted to each individual dealer and the dealer makes proof of the amount of money paid and of the number of cars on hand in each particular case. The amount of money paid by any manufacturer to any dealer who had cars on hand will be paid to the manufacturer, and the balance will be paid to the dealers.

Mr. CHAPLIN (Lincoln): Is it necessary to pay interest on these claims?

Mr. BOIVIN: No. I made the amount in the estimates large enough to pay the interest, but as I said before this is more or less in the form of a compassionate allowance; it is an amount paid to men who have suffered, but who I could say have suffered "legally." They could not complain of the law; they could not take an action against the government; it is a claim in equity and a claim in justice, but it is not a claim in law. My understanding is that in all countries where allowances of this kind are paid the interest is not included. On the other hand there has been great delay and it may work a serious hardship to these men if interest is not

paid. I made the amount sufficiently large to cover interest. I would welcome to-night the opinions of hon. members on both sides of the House as to whether or not interest should be paid.

Mr. MEIGHEN: I remember this circumstance quite well, Mr. Chairman; it is a circumstance such as may arise at any time in the event of the removal of an excise tax. The only dangerous feature of this case is the precedent which will be set. I realize there is very great merit in the claim; of course it is not a legal claim and could never be established in law, but that the men lost the money I think there is no doubt. An excise tax is removed which they have paid prior to sale, as indeed must always be the case; then on the removal of that tax they are unable to collect it because of the competition of goods not subject to the excise; they cannot possibly collect it, and the money is simply lost. I know the government could not be compelled to pay interest; this is what one might call a grant in misericordia, but if there is a claim for the principal the claim for the interest would be just as strong, and I do not see why it should be denied.

The removal of the excise giving rise to this condition was made, I thought, a little later than the minister said, but of course I cannot recall the exact month. The claim was made some time later, and was very carefully considered at the time. The government of the day were confronted with the difficuty I have just stated; they were quite aware that in the future remissions of excise would inevitably be made and consequently feared to recognize claims of that kind because the precedent might lead us into paths very far-reaching indeed. As a matter of fact it might possibly reach into a sphere other than the removal of excise and the consequences that flow therefrom; however, I do not need to traverse that at the moment. So we started to work to find some method of getting the loss adjusted without calling upon the treasury of the country, and succeeded in having an arrangement arrived at. I am sorry the hon. member for West York (Sir Henry Drayton) is not here, because he was chiefly instrumental in making the arrangement between the manufacturers on the one hand and the dealers on the other. For some reason which I do not even yet understand that arrangement was not carried through. The minister says the manufacturers failed to carry out their part of the agreement, and I accept his statement.

[Mr. Boivin.]

Mr. BOIVIN: Could I interject just a word? It has been reported to me by the officials of the department that, as my hon. friend has stated, at the request of the hon. member for West York, who was then Minister of Finance, the representatives of dealers and of manufacturers came together at Ottawa and arrived at an understanding by which the manufacturers would recoup to the dealers on future sales 50 per cent of the excise lost on cars which were then on hand, and add the other 50 per cent to the cost of the new cars. A great many of the dealers were overloaded with cars and were unable to dispose of the quantity required to recoup themselves during that season, and I think the manufacturers contended that the agreement did not apply to subsequent years.

Mr. MEIGHEN: I recall it quite well now; that is the explanation. For that reason it fell through, and the falling through was not complete at the time we left office, so the matter did not come before us for reconsideration and adjustment. I am sorry there has been so much delay in coming to a solution and I am sorry that some solution was not advanced which would relieve the treasury. However, I suppose there is none possible now with the exception of this, and for my part I support the vote.

Mr. HANSON: I am in accord with the grant, but I would like to know what portion of this money is to be paid in commissions, and if it is to be paid by the department. If this is to be a real compassionate allowance I think the dealers are entitled to get the money themselves without any rake-off.

Mr. BOIVIN: I will tell my hon. friend that the government has no knowledge of a rakeoff. I do know that Mr. Dixon of Ottawa has done a great deal of work in bringing the claims together, in getting all the dealers and manufacturers to sign the required powers of attorney and so on, but what his commission may be I have no knowledge. But I can assure my hon. friend that individual cheques will be made payable to the order of each individual dealer, and they themselves will arrange to pay their attorney. The government has no undertaking whatever to pay any commission in connection with the matter.

Mr. HANSON: That is very satisfactory. I am glad to hear the minister make that statement.

Mr. McGIBBON: What proportion of these claims was adjusted by the manufacturers?

Mr. BOIVIN: Eighty-five thousand dollars is to be returned direct to the manufacturers who have paid claims to the dealers, and the balance is to be paid to the dealers themselves.

Mr. McGIBBON: That is $85,000 of this $1,690,000?

Mr. BOIVIN: Yes.

Mr. MEIGHEN: Does the minister say that $85,000 is to go to the manufacturers to recoup them for—

Mr. BOIVIN: To recoup them for the amount they refunded to the dealers.

Mr. MEIGHEN: After the old agreement it seems to be pretty generous.

Mr. BOIVIN: We felt that it would be a great hardship if we refunded the amount to the dealers and thereby gave a blanket discharge to the manufacturers who undertook to make this refund and did not live up to their obligations. We felt that the manufacturer who had really lived up to his obligation, and who had paid his proportionate share to the dealer, should be treated the same as the dealers themselves; in other words, that if we were going to remit this tax it would be unfair to reimburse some and withhold it from others; that the complete tax should be remitted, and that the manufacturer who had lived up to his agreement should not be penalized for having done so.

Mr. MEIGHEN: Who are the manufacturers who lived up to their agreement?

Mr. BOIVIN: I cannot give the exact amount in each case, but the following Canadian motor manufacturers made reimbursement at least to a certain extent where the dealers were able to purchase new cars:

The Canadian Briscoe Motor Company.
The Chevrolet Motor Company.
The McLaughlin Motor Company.
The Willys-Overland Company.
The Olds Motor Company of Canada.
The Maxwell Motor Company.
The Chalmers Motor Company.
The Ford Motor Company.

Mr. MEIGHEN: What others are left out?

Mr. BOIVIN: The Studebaker Company did not reimburse its dealers for any portion of the tax paid on the cars, and there were also subsidiary companies of American concerns who import cars into Canada and sell them here through dealers and distributors who made no refund.

Mr. MEIGHEN: It looks as though the Canadian manufacturers had acted quite fairly and rightly, and that the importers of American cars had not.

Mr. BOIVIN: Yes. There was evidently an attempt on the part of these Canadian manufacturers to live up to their agreement, and I think they would have done so if the sales of cars had been sufficient. But as the dealers had on hand all the cars that they had been unable to sell, and could not take as many new cars from the Canadian manufacturers, the manufacturers only lived up to their agreements in respect to the number of new cars taken by the dealers, and that number was not large.

Mr. MEIGHEN: The American exporters to Canada made no attempt to co-operate at all?

Mr. BOIVIN: No, apparently no attempt whatever.

Mr. MEIGHEN: There is a great lesson to be learned there.

Mr. CHAPLIN (Lincoln): Some of the firms the minister mentioned have passed entirely out of business.

Mr. BOIVIN: Yes, I understand they have, but I understand that their interests have been taken over by other concerns that their claims are legally filed, and that all these firms are legally represented before the department.

Mr. McGIBBON: I am not opposing this in the least, but I would like to point this out to the minister: Every individual purchaser who bought his car one day or a week or a few weeks before the reduction had to pay that tax, and I think it would be quite sufficiently generous on the part of this government to reimburse the dealers for the capital only, and let them go without their interest. I do not think it is fair to pay the dealer the very last dollar and let the purchaser who bought his car just a few days before suffer the complete loss. I do not think that is fair to the ultimate purchaser of the car.

Item agreed to.

To provide for expenses of maintenance of revenue cruisers and for preventive service, $376,510.

Mr. BOIVIN: In connection with vote No. 349, on pages 61 and 62 of the Estimates, we had reached this item and I had discussed it for about a day and a half on the 16th and the 18th of March. The department has so far been unable, indeed has not even at-

tempted to do anything, in the way of improvement or reorganization of the preventive service. I do not propose to make any change whatever in the way of reorganization or dismissals until the report of the committee at present investigating the Department of Customs is received by the House. If there is any objection on the part of hon. gentlemen opposite to allowing us to carry this item, with the distinct understanding that the whole matter will be discussed again when the committee's report comes into the House, I shall not press the preventive service items, but will pass on at once to the item concerning the cost of collection of the income tax.

Mr. MANION: As one member of this House, I would like to say that I think the preventive service items should be left over.

The CHAIRMAN: The first three items in vote No. 349 have already been carried.

Mr. MEIGHEN: When did they carry?

Mr. BOIVIN: On the 16th of March. I do not think my right hon. friend was paying attention to what I said a moment ago. I said that while it is true we had discussed this for a day and a half, no changes had been made in the preventive service, no dismissals had been made, and there was no intention at the present time to make any changes or dismissals. We are merely carrying on as best we can awaiting the report of the committee. The whole matter will be discussed when the report of the committee is before the House, and as we have already devoted almost two full days to the discussion of the estimates of this department I thought possibly hon. members opposite would allow us to carry this item with the understanding that we would merely carry on, and that the whole matter would be again discussed when the committee's report comes into the House. If my hon. friend prefers to have these three items concerning the preventive service stand until after the committee's report comes in, there is really no harm done.

Mr. GARLAND (Bow River): Stand.

Mr. BOIVIN: Then I would move, Mr. Chairman, that further consideration of this item for $376,510 be now postponed.

Motion agreed to.

Item stands.

Mr. BOIVIN: I would ask the Chairman to call the two next items in order that I may make the same motion with respect to them and proceed in the regular way.

[Mr. Boivin.]

Mr. MEIGHEN: May I ask if this is preparatory to closure?

Mr. BOIVIN: No.

Mr. MEIGHEN: There is no need for having the motion made to postpone except for that purpose. Simply pass on to something else.

Mr. BOIVIN: Then we will take the last item on the page:

To provide for the administration of the Business Profits War Tax Act, 1916, and the Income War Tax Act, 1917, and amendments thereof, and authority for this purpose to create positions and make appointments, notwithstanding anything contained in the Civil Service Act, and the said positions and the staff so appointed are hereby wholly excluded from the Operation of the said act; and salary of $10,000 for the Commissioner of Taxation—$2,000,000.

Mr. ROSS (Kingston): I should like to ask the minister if the employees of this branch of his department have been classified?

Mr. BOIVIN: The employees of the Income Tax branch, the same employees that we found in office when we assumed control, have been classified, but not by the Civil Service Commission. They were classified by a committee of the officers of the Income Tax branch. The classification has been arrived at, and regular salaries have been fixed for the different grades and the different classes of employees. These salaries are slightly higher than the salaries paid to employees in the other branches of the Department of Customs and Excise owing to the fact that so far they do not enjoy the benefits of superannuation as the regular civil servants do.

Mr. ROSS (Kingston): When was the classification made?

Mr. BOIVIN: It was made in December, 1925.

Mr. EDWARDS (Frontenac): I see that the salary of the Commissioner of Taxation is $10,000. Has that been the salary for some time, or has there been a raise recently?

Mr. BOIVIN: No, that has been the salary for some years and remains at the same figure. The number of employees in the branch at the time of the last calculation, when the estimates were submitted to parliament, was 1,057, and the salaries paid were $1,539,702.04. The balance of this item is made up of the other charges in connection with the collection of the income tax. I desire to point out to my hon. friends that this is the only item in the estimates that has anything to do with

income tax collection. Everything is included. The details are as follows:

Printing and stationery	$25,699 36
Hotel and travelling expenses of inspectors and others	31,651 84
Telephone and telegraph expenses	7,182 73
Office expenses	10,296 95
Automobile hire	3,028 41
Freight and express	4,176 49
Postage	63,419 50
Advertising	39 68
Sundries	1,034 10
Excise stamps	59 50
Law costs	6,484 63

These expenses are not, of course, only for the office at Ottawa, as everyone will understand. They cover the entire 1,057 employees of the branch in all the cities of Canada where there is an inspector of taxation.

Mr. EDWARDS (Frontenac): Is postage placed on the returns sent from the various offices to the government?

Mr. BOIVIN: Most of these income tax returns are forwarded, of course, to the department by registered mail. All assessments have to be returned by registered mail, and it has been held that registered mail must bear the ordinary postage as well as the cost of registration.

Sir HENRY DRAYTON: The minister might have done something in connection with the matter of excise stamps when he was making the other rearrangements.

9 p.m. It is one of the hardest things in the world, it goes harder against the grain than anything else, when making out a cheque for income tax to put stamps on also for the government.

Mr. BOIVIN: I gave considerable thought to that matter. The idea was expressed by members of the government that it would be well to exempt all cheques to the Receiver General of Canada from excise taxes, but I found that this would entail all kinds of unfairness in the collection of revenue. Because if income tax cheques were exempted it would be necessary to exempt customs cheques and all other cheques bringing revenue to the Dominion treasury. A great many of these cheques are paid through brokers to collectors of customs who have the right to keep accounts in trust in order that they may make speedy refunds. It was felt that if all tax payments could not be exempt from excise duty it would be unwise to exempt any at all.

Mr. HANSON: In view of the fact that the war profits act must have run its course by this time, why does the number of employees still continue to remain so high? Has there been a reduction in the number of employees and if so, over what period of years? If there has been a reduction of employees, why does the appropriation remain the same? I would have thought from the history of the offices in the province of New Brunswick where the number of employees has been very substantially reduced, that the cost of collecting this tax would have been proportionately diminished also.

Mr. BOIVIN: The cost of collecting the business profits and income taxes has been considerably reduced in recent years. The peak year in the cost of collection was the fiscal year 1921-22 when the cost was $2,214,638.28.

Mr. MEIGHEN: How much did you collect that year?

Mr. BOIVIN: The amount collected in that year was $101,500,021.38, of which $22,815,666.58 were collected under the Business Profits War Tax Act. The cost of collection that year happened to be 2.18 per cent.

Sir HENRY DRAYTON: It is the lowest, I think, of any of them.

Mr. BOIVIN: In 1919-20 it was a little lower; it was 1.78. In 1922-23 it came up to 2.80. In 1923-24 it was 3.28 and in 1924-25, it was 2.87. The actual cost, however, has diminished. In 1921-22 the sum of $2,214,638.28 was paid, but in the following year it was reduced to $2,040,461.08. For the fiscal year 1923-24 the cost of collection was reduced to $1,935,274.96. Last year it was further reduced to $1,693,025.23. There is a gradual reduction, which means that there is a gradual falling off in the number of employees required, and we hope that under the amended income tax, in connection with which the returns will be less intricate, a further saving will be made.

Mr. EDWARDS (Frontenac): How many employees are there in this work, and by whom are they appointed?

Mr. BOIVIN: There are in this work in Ottawa 186 employees, and in the entire Dominion 1,057.

Mr. EDWARDS (Frontenac): How were they appointed?

Mr. BOIVIN: It would be hard to tell how they were appointed, because they were practically all appointed by my hon. friend's friends when they were in power.

Sir HENRY DRAYTON: Very good appointments.

Mr. BOIVIN: I am told, and I have no reason to doubt the statement, that they were appointed by the inspectors of taxation, under the authority of the then Minister of Finance. None of them has ever been dismissed for any political reason, and they are still in office. Those who have been required to replace them were appointed in the same way, by the inspectors of taxation upon the authority of the Minister of Finance, until last year when the branch was transferred to the Department of Customs, and since that time on the recommendation of the Minister of Customs.

Mr. EDWARDS (Frontenac): The appointments were made on the request of the Minister of Finance at the time, or about the time, the Victory loans were started. He felt that the responsibility for the success of that loan depended upon his department, and that, on account of the weight of the responsibility, he should supervise the appointments, in order to be certain that everything was efficient. That may have held good then, but is it the intention for all time to continue this method and not to allow the Civil Service Commission to have anything to say in regard to this particular branch?

Mr. BOIVIN: In connection with this particular branch we found that the method has worked out so very satisfactorily in the matter of expense and collection of revenue that we thought it would be better not to interfere, but that we should leave matters as they were. It has been pointed out that a large majority of these employees have to come in contact with the tax paying public of Canada, and that the inspectors of taxation in the respective cities where these offices are established, are better judges of the men who will be able more efficiently to perform the work, meet the taxpayer, and, let me say, collect the money without trouble, without inconvenience and without recrimination on the part of the taxpayer, than if they were appointed by a Civil Service Commission sitting at Ottawa.

Mr. EDWARDS (Frontenac): My hon. friend agrees with that?

Mr. BOIVIN: I certainly do.

Mr. EDWARDS (Frontenac): So do I. Therefore I do not see any reason why the same rule should not be applied in reference to other appointments, instead of having them made by the Civil Service Commission. This work was very satisfactorily performed indeed when the Civil Service Commission had nothing to do with it. The minister says it is a fine system and they are getting along well, and I contend they would get along well in many other branches if the same system were adopted.

[Sir Henry Drayton.]

Mr. GARLAND (Bow River): It seems clear that both the old parties are unanimously agreed when it comes to a question of returning to patronage.

Mr. EDWARDS (Frontenac): Which old parties?

Mr. GARLAND (Bow River): The one my hon. friend belongs to and the party to which the minister belongs.

Mr. EDWARDS (Frontenac): Does the hon. member not call the group to which he belongs a party?

Mr. GARLAND (Bow River): I am opposed, as I always have been, to the exclusion of the Income Tax branch from the jurisdiction of the Civil Service Commission. I think the sooner we apply the merit system to all our public services the sooner we will have a satisfied civil service. Turn to England, the country to which hon. gentlemen look for a good deal of their precedents—

Mr. HANSON: What about Ireland?

Mr. GARLAND (Bow River): —and you will find that in that country no member of parliament, no minister, ever attempts to interfere with the appointment of civil servants. It simply is not done. That is the ideal state, and that is the condition to which I hope at some time in the future the people of Canada will arrive.

Mr. McGIBBON: Was it on my hon. friend's recommendation that those who will take the western census were appointed?

Mr. GARLAND (Bow River): Yes. At the very time the minister suggested the appointment, I asked why they were not under the Civil Service Commission, and he told me they were temporary appointments made once every five years. I said, "I do not care whether they are or not, all appointments of this kind should be under the Civil Service Commission".

Mr. HANSON: But you made the appointment?

Mr. GARLAND (Bow River): Yes, it was much better for one who is a non-partisan to make the appointment.

Mr. EDWARDS (Frontenac): He made the appointment and went round with these same fellows at election time and reminded them of it.

Mr. ROSS (Kingston): I have made no criticism of this matter, but my only reason for asking a few questions at the beginning was that lately I think the appointments have been political, whereas previously they were

not. I should like to ask the minister if there have been any opinions expressed by the employees of this department as to whether they would prefer to come under the Civil Service Commission or stay outside?

Mr. BOIVIN: Yes, there have been expressions of opinion. Some of the employees of the Income Tax branch, those who are sure of their positions and practically certain that they will remain in office as long as the collection of the tax continues have expressed a wish to be brought under the Civil Service Commission, not for the purpose of having their salaries arranged by the Civil Service Commission, but for the purpose of enjoying superannuation. It has been pointed out to them however—not to them in a body but to certain individuals—that if they desire to come under the Civil Service Commission, and if the government ever takes that step, and it is possible to do it without making new appointments under the act as it stands at the present time, they are liable to suffer considerable reduction in salary, because the salaries are higher than in other departments where the benefits of superannuation are enjoyed.

Mr. ROSS (Kingston): Does the minister not find some difficulty where these employees are in the same offices with the Customs department officials, when you have in the same building practically three sets of employees getting different rates of pay?

Mr. BOIVIN: I thank my hon. friend for asking the question. There is no connection whatever between the other branches of the Department of Customs and Excise and the Income Tax branch. The Income Tax branch is continued as a separate branch, as it has been since its inception.

Mr. ROSS (Kingston): My hon. friend has not grasped my question. I understand they are independent of each other, but they are in the same building, one working in the Income Tax branch, and the other in the Customs branch..

An hon. MEMBER: Not in Ottawa.

Mr. ROSS (Kingston): I am not talking of Ottawa. There are other places besides Ottawa. When some people get here they think there is only one city in the country. In my own city they are in the same building, and I ask the minister if, where they are in the same building under different heads, there is not some complaint where the grades of pay are different.

Mr. BOIVIN: There was for some time some complaint before the classification. There were employees who, while they were doing the same work, were not receiving quite the same pay. That discrimination has been removed. I have received no complaint in regard to the point raised by my hon. friend. The officers of this branch realize the advantages they have over their confreres in the other department of the service, and so far there has been perfect harmony.

Mr. BOYS: How many employees covered by these items are excluded from the operation of the act?

Mr. BOIVIN: They are all excluded—1,057.

Mr. BOYS: Does that refer to the $100,000 item and the $2,000,000?

Mr. BOIVIN: What does my hon. friend mean by the $100,000 item?

Mr. BOYS: On page 62 the minister will see an item of $2,000,000 and immediately preceding it one of $100,000, and apparently the staffs under those items are to be wholly excluded from the act. I wanted to know whether the employees are affected by both votes.

Mr. BOIVIN: We have been discussing the employees in the Income Tax branch, who number 1,057. They are all affected by the $2,000,000 vote. The $100,000 is for secret preventive service and by mutual agreement, that has been allowed to stand.

Mr. BOYS: I am not quarrelling with that. I simply want to know the number of employees affected.

Mr. BOIVIN: By the previous vote?

Mr. BOYS: Yes.

Mr. BOIVIN: I can give the hon. gentleman the information, but it has nothing to do with this vote.

Mr. BOYS: Never mind, then. As regards the exclusion of civil servants from the operation of the Civil Service Act, we should have one thing or the other: either bring all civil servants within the scope of the act or do away with the act. I am told that there are over 18,000 civil servants who are not under the act. I am not sure of the exact percentage but I believe there are about one-third of the total number of employees who are not subject to the provisions of the Civil Service Act. I do submit that, having gone that length in the removal of civil servants

from the operation of the act, we should either abolish the whole thing and get back to patronage or reform the service and put all employees on the same footing with respect to the regulations. The present system is unsatisfactory; it is neither one thing nor the other.

Mr. MEIGHEN: I feel I must say something in view of the remarks of the hon. member for Bow River (Mr. Garland) whose aptitude for coming to conclusions is exceedingly swift, indeed precipitate, if not sure. The hon. gentleman undoubtedly can reach conclusions, but he has not so great an ability to steer a direct logical course towards his goal. One hon. member on this side of the House spoke in favour of a return to the old system and a minister of the crown gave encouragement to the idea: whereupon the hon. member for Bow River concludes we in this party have transfigured ourselves just as hon. gentlemen opposite have done.

Mr. GARLAND (Bow River): I always exempt my right hon. friend from that charge.

Mr. MEIGHEN: The hon. member while exempting me may exempt the party as well.

Mr. BOIVIN: I hope my right hon. friend does not meean to convey the impression that I have expressed the idea that there should be a return to patronage.

Mr. MEIGHEN: I said that the minister lent encouragement to the view advanced by the hon. member for Frontenac-Addington.

Mr. BOIVIN: The hon. member asked me whether I was in favour of that system so far as the branch under discussion was concerned, and I said I was.

Mr. MEIGHEN: That is considerable encouragement.

Mr. BOIVIN: The leader of the opposition countenanced the system while he was in power.

Mr. MEIGHEN: I shall come to that in a moment. The general opinion was voiced by the hon. member for Frontenac-Addington and it certainly met with no rebuke or modification at the hands of the minister. The minister has given encouragement not only to the continuance of the employees of the Income Tax branch outside the scope of the act, but to the bedevilment of the whole civil service and of the Civil Service Act ever since his party came into power. The whole history of this government in relation to the Civil Service Act has been one of stealthy invasion from the first clause to the last and from the first month of power to the last day. I know that as respects the employees of the Income Tax branch they were, when taken on during the regime of the late government, maintained without the operation of the act, just as were the employees of the Civil Re-establishment department. These departments were established at a time when it was believed that their duration would be quite brief, and that consequently it would not be just to the service in general to bring them within the act and make them permanent civil servants, thereby giving them a claim upon permanent occupation within the civil service of Canada. If hon. gentlemen will project their minds back to the rather hectic days when the income tax was first introduced and, as well, to the time when the Civil Re-establishment department was put on its feet, they will recall that it was the general feeling then that these were merely emergency services which it was necessary to undertake for the time being. For that reason and for no other were these employees kept without the pale of the Civil Service Act. It was not intended that they should have any claim for permanent appointment within the service. But so far as the Income Tax branch is concerned, we know quite well by this time that we shall have an income tax in Canada for years to come. This government will have gone; its memory will have become nothing but an unpleasant historic recollection, and we shall still have the income tax in this country. So that whatever reason did exist before for maintaining these employees outside the scope of the act, that reason is now removed. The government have not been satisfied to maintain the income tax employees as patronage or temporary servants outside the pale of the act, but step by step, sometimes by stealth, sometimes openly, they have yanked one branch after another from the purview of the act, occasionally by order in council removing a thousand at a stretch and, indeed, as many as 12,000. The result is that to-day one-third of the whole service is outside the act. I want to pay hon. gentlemen to my left this compliment: there would not be one line of the act in force to-day if it were not for the influence of the Progressive party. With one or two exceptions they have been opposed to these encroachments upon the act and certainly they never doubted that we would stand by the act.

Mr. BOIVIN: What party was in power when the Spinney bill was introduced?

Mr. MEIGHEN: We were in power when that bill was introduced, and by the terms of the Spinney bill we abide. But the Spinney bill provided only for such cases, of a character defined by the act, as were recommended by the Civil Service Commission. But hon. gentlemen opposite, who fought that bill tooth and nail when in opposition, when they got into power not only adopted it but extended it beyond its legal effect. That is what they did. If it were not for gentlemen of the Progressive party they would have set a match to the act, but they feared that they might lose the support of those hon. gentlemen—I am not so sure that they would have lost it—and so they were kept in restraint. The gun was held at the head of the government. I do not think it would have gone off so long as the trigger was under the finger of the hon. member for Brandon (Mr. Forke). The hon. member would not shoot a rat if it had a Liberal tag around its neck. Anyway there were certain of them who they thought would stand by the merit system in the civil service, and that is the only reason in the world why there is a line of the act left to-day.

Now, how long is the government going to take to collect these business profits taxes? The act imposing them has been repealed six or seven years. I would not suggest that any person employed in the collection of business profits taxes should be put under the Civil Service Act. Surely we will get to the end of it some day, but any little job at all seems to be a life job when it gets into the hands of this administration. They are collecting these business profits taxes yet, and I expect they will be collecting them until they pass from this earthly scene.

And there is something else they are after. I notice in the estimates an item for the adjustment of war debts. This in our day was called demobilization. "Demobilization" was defined by the law as the "adjustment of war debts." But we were tilted at away back in 1919 and were asked to explain to parliament why it was we had not all these war debts adjusted, and we were told the reason was that we wanted to keep up the war spirit in Canada. Hon. gentlemen opposite are still adjusting those war debts. They have been adjusting them now for four and a half years. They have in the estimates an item of $275,000 for the purpose. When in the name of common sense do they expect ever to get rid of those war debts? Will they be keeping them going until the next election? Is it a handy thing to adjust these debts just before an election?

But on the subject of income tax I warn the government that this country is not going to tolerate the conduct of any administration that reverses the will of the people as expressed in the Civil Service Act. Hon. members say the employees are satisfied because they get a little more. In that very fact lies one of the main reasons of the act. Unless you have one common body having under its purview all the multiplied branches of the civil service, and able to make a study and estimate the relative difficulty of the variety of duties in the various departments of government, and the relative talent required for their discharge, you are never going to have anything that approaches equity in the distribution of the salary list; you will have all kinds of anomalies and inequalities. Anomaly exists to-day, inequality exists to-day in relation to the service outside. This will become more and more rampant as the government pursues its headlong course of abolishing letter by letter, line by line and page by page the Civil Service Act. I should like the hon. minister to get the opinion of the civil servants of this city and the country generally on the course the government has pursued in relation to the act. I warn the administration that so far as my influence goes I will resist to the uttermost any further invasion of its provisions whatsoever. And I hope I can depend upon hon. gentlemen to my left—

Mr. GARLAND (Bow River): Hear, hear.

Mr. MEIGHEN: I hope there are independent spirits enough among them, and I hope there are those who have learned enough of the character and conduct of this administration, that in this, if in nothing else, they will give me their best support.

Mr. FORKE: Mr. Chairman, I rise for the purpose of seconding a good many of the remarks made by the right hon. leader of the opposition. I am unalterably opposed to the patronage system, and I believe in the merit system. But I want to say to him that some of his remarks are not worthy of the leader of a great party in this House.

Some hon. MEMBERS: Oh, oh.

Mr. FORKE: Hon. members may laugh. They may wonder sometimes why the right hon. gentleman does not make a little more headway in the country. Let me tell them it is because he descends to the use of such language as he uttered a few minutes ago. I have been five years in this House now, and I defy any hon. member to point to one act of mine that is in any respect dishonour-

able. The right hon. gentleman can stand up there as the leader of a party and make accusations that seem to amuse his followers, but I have a political character that I think will last just as long as that of the right hon. leader of the opposition. I have stood up in this House time and again and proclaimed my independence. And I have never sacrificed my independence. I challenge hon. gentlemen to my right to tell me wherein I have said or done anything dishonourable or unworthy of a member of this House of Commons. I suppose had I turned around and supported hon. members to my right they would say I was the finest gentleman in the country. If they have any political acumen at all they would recognize that the course they have been following is certain to keep them for a long time in opposition. Let me repeat, Mr. Chairman, that I am heartily in accord with many of the remarks made by the right hon. leader of the opposition and by the member of my own party who spoke earlier in the discussion. I am unalterably opposed to the patronage system and want to have nothing whatever to do with it. Whenever the opportunity comes I shall be ready to stand behind my opinions.

Mr. MEIGHEN: Mr. Chairman, I am rather surprised at the heat of the hon. member for Brandon (Mr. Forke). I did not attack his honour in any way, unless he considers it such to be declared a faithful, ironclad Liberal. It was his incurable Liberal propensity to which I referred. No one who has sat in this House for the last five sessions has any doubt about that—not even the hon. member for Brandon himself. Nor did I suggest he was not a fine gentleman. He says he would be so considered if he had voted for us; but I assure him that I would never need to wait for a day in the distant future, probably in the next world, when he votes for the Conservative party, to declare him to be a fine gentleman.

Mr. FORKE: While the right hon. gentleman leads the opposition.

Mr. EDWARDS (Frontenac): Mr. Chairman, I want to say a word or two in regard to the Civil Service Commission. When the creation of such a commission first came before parliament I took a stand, not against it—I have not taken that stand at any time—but I contended that it was being loaded with a lot of work which could be better performed by the individual members of parliament. And I say that yet. I took the stand then, I take it to-day, that the appointment, for instance, of a country postmaster might well be left in the hands of the member of parliament, no matter whether he sat on the government side or on this side of the House—that to leave such appointments with the Civil Service Commission was loading the commissioners with work that they were not as well qualified to perform as the members of this House, who are held responsible by their constituents for the capacity of the country postmaster who is appointed by the Civil Service Commission upon the advice of one or two persons living in the community where the postmaster resided. I have never taken a stand against the creation of the Civil Service Commission or against their doing efficient work as a Civil Service Commission. but I believe their work would be more efficient if a great deal of this more unimportant work were taken off their shoulders and performed by the members, who would be held responsible by their constituents for the appointments made. But my main objection to the Civil Service Commission, Mr. Chairman, is that during the last three or four years the commission have made appointments so far as Conservative members of parliament were concerned, whereas a certain amount of patronage has been enjoyed by those who are on the other side of the House. This is not working out fairly, and as proof of that we have some 18,000 persons in the civil service to-day who were not appointed by the Civil Service Commission. I venture to say there are members sitting on the other side of this House whose recommendations were responsible for the appointment of several thousand of these people. That is where I say it is wrong; if you are going to have these appointments made by the Civil Service Commission let the commission rule all along the line; do not let the commission appoint a part of the service and allow others to be appointed under recommendations of certain favoured members who happen to support the government. That is the logical position to take, I believe. At present the situation is absolutely unreasonable, illogical, unjust and unfair, because unquestionably people are appointed to the civil service on the recommendation of some person or persons, but not on the recommendation of anyone on this side of the House. This has been going on during the past four or five years, Mr. Chairman, and it would be interesting if the Minister of Customs or some other minister or all the ministers would furnish this House with a list of appointments made to the civil service during the last four or five years other that those made by the Civil Service Commission. I would like to see that list, and

I would like to see on whose recommendation the appointments were made.

I placed a question on the order paper a few days ago to which I hope to receive an answer soon. A former member of this House, Mr. E. J. Sexsmith, who was elected as a Progressive and who, like the hon. member for Brandon (Mr. Forke) supported the Liberal government most faithfully, was rewarded for his services as a party man by a government appointment not long ago. I would like to know if that was done through the Civil Service Commission and whether he passed a competitive examination and was appointed on his merits. It is very fine in theory to talk about promotion by merit; with that I fully agree, but who is to judge as to the merits of the individual? If the Civil Service is going to judge, and if those in the civil service are to be promoted according to merit let that be done all around, but I am absolutely opposed to this farce where a part of the service is appointed through the Civil Service Commission while hundreds and thousands of others are appointed on the recommendation of some minister or member who happens to have a pull.

Sir HENRY DRAYTON: Is the hon. gentleman able to tell us to what position Mr. Sexsmith was appointed and whether he was thirty-five years of age at the time of his appointment?

Mr. EDWARDS (Frontenac): I have only a newspaper report that he was appointed inspector of Indian reserves, or something like that. I do not know his age, but he is old enough to have more sense than he has so far exhibited, though he has shown some signs of the safety first spirit. He was defeated in the last election, but now we find the Liberal government appointing him, a Progressive, to office. I do not know whether the hon. member for Brandon, the Minister without portfolio in this government, had sufficient pull to get Mr. Sexsmith appointed, but perhaps we will find out when my question is answered. I venture to say, however, that the Civil Service Commission had nothing to do with it, and I would like to know who was responsible.

Mr. SPENCER: The hon. member has referred to Mr. Sexsmith and to the hon. member for Brandon, both of whom supported the Liberal government. I would like to ask the hon. member if he is aware of the fact that during the last four years the Conservatives voted with the government more often than did the Progressives.

Mr. EDWARDS (Frontenac): I have not before me a record of the votes; it would be very hard to keep tab on my hon. friend and his friends as to how they vote. They know where we stand in regard to the government but according to their professions we do not know where hon. gentlemen to my left stand. When it comes to actual practice, however, we know that no matter what their label they are just as Gritty as any man who was ever in politics.

Mr. CLARK: I would like to point out to the minister that in certain provinces they have provincial income tax acts which are very similar to the federal act, and there is a great deal of duplication in staffs. I believe that if an effort were made the income taxes in the various provinces which have acts of their own could be collected by the same staff collecting the federal tax. I would like to ask the minister if that has been investigated and whether any steps have been taken to co-ordinate the collection of income tax in the various provinces.

Mr. BOIVIN: Yes. Representations have been made to the government by the provincial treasurer of British Columbia that there might be co-operation in the work of collecting the taxes. It was never proposed to have the double tax collected in the same office, but representations have been made that some expense might be saved in the investigation of claims and in the auditing of books so far as the respective income taxes are concerned. The matter is now receiving consideration.

Mr. CLARK: Why could not the collections be made by the same staff?

Mr. BOIVIN: I did not say that it was impossible; I merely pointed out to my hon. friend that it had not been suggested. It is well worth consideration.

Mr. CLARK: I will suggest it now, if the minister wants a suggestion.

Mr. BOIVIN: I accept the suggestion with pleasure; it will certainly receive the consideration it deserves with the other matter under consideration.

Mr. HANSON: Could we have some information as to the number of claims still to be adjusted under the business profits tax? I think we should have some information in that regard. How long is it expected to be before these will be wound up?

Mr. BOIVIN: There were adjusted about 140,000 claims under the Business Profits War Tax Act. There are 848 claims still out-

standing, most of which have been adjusted but which, owing to the liquidation of the companies or for other reasons, have not been finally disposed of. In other words, only 848 remain out of 140,000.

Item agreed to.

Customs and Excise—salaries, $609,940; contingencies, $40,000.

Mr. BOIVIN: The details of this item will be found on page 73. This is the usual vote for salaries and contingencies in the inside service. There is an increase of $9,390 in salaries, but on the other hand there is a decrease of $8,000 in contingencies. The civil government salaries for the year 1925-26 were $598,550, and contingencies, $48,000, making a total of $646,550. The civil government salaries for the present fiscal year are $607,940, and civil government contingencies, $40,000, making a total of $647,940, or a net increase of $1,390. The estimates for 1926-27 provide for 333 clerks, as compared with 329 clerks last year, an increase of only 4 clerks in the department. Statutory increases for 104 clerks, as provided for by the Civil Service Act, upon the recommendation of the deputy head of the department amount to $7,395. Four additional clerks who have been appointed to the accounts branch due to the fact that cheques for the outside service are now issued twice each month instead of once monthly as heretofore, cost $4,800. There is a saving due to promotions and appointments to fill vacancies where the new employees are getting the minimum salaries, instead of the maximum enjoyed by their predecessors, of $2,805.

The estimate for civil government contingencies is $8,000 less than last year. It is considered that the $40,000 will be sufficient to meet the expenditure for the ensuing year, as this is practically the amount which was expended for contingencies last year.

Mr. EDWARDS (Frontenac): What is the $1,200 allowance to private secretaries for?

Mr. BOIVIN: There is only an allowance of $600. That is an allowance made to my private secretary.

Mr. EDWARDS (Frontenac): What is that for?

Mr. BOIVIN: That is an allowance given to the minister's private secretary in every department. As I understand it, it has existed for a great many years. It is an extra allowance which is paid to the private secretary for the vast amount of time which he puts in during the sessions of parliament and on other occasions when his services are required. The difference between the private secretary and other employees of the department is that the private secretary is always at the beck and call of the minister, while the other employees, of course, have their regular hours. For that reason, he is given the extra $600.

Sir HENRY DRAYTON: My hon. friend gave some figures as to the reduction in salaries due to the new appointees being appointed at a lower remuneration, a reduction of some $2,800. My hon. friend, I am sure, would like to make his picture complete. In order that these new appointments can be made, a certain amount of cost has to be incurred in the way of pensions, superannuation, and the like. What was the amount of pensions and superannuation paid out in order to secure this saving of $2,800?

Mr. BOIVIN: I am sorry I do not happen to have those figures with me at the present time. I did give them to my hon. friend, and he will find them in Hansard of March 16th. I gave him those figures when we were discussing the salaries before, and told him at the time that they covered both the inside and the outside service.

Sir HENRY DRAYTON: I was just wondering what the comparison was. We here have the net figure of $2,800 given by my hon. friend, due to reductions in salaries by reason of new appointments. In order to make the picture complete, we ought to have also the exact amount paid out in pensions, superannuation or retiring allowances, or whatever it was, that gave rise to these vacancies.

Mr. BOIVIN: I am afraid that I am not able to give that information to my hon. friend just now.

Sir HENRY DRAYTON: Does my hon. friend see any chance of effecting any economies whatever in the service?

Mr. BOIVIN: Of course the service of the Department of Customs is growing all the time. The preventive service will necessarily cost more money in years to come, and I think that the report of the committee which is now investigating the Department of Customs may very likely recommend an increase. That increase, however, will not affect this inside service vote. While it may not be possible to make any decrease, I do think that it will be possible for several years to come to keep the expenditure of the Department of Customs, in so far as the civil government vote is concerned at about the same figure.

Sir HENRY DRAYTON: My hon. friend will find that there has been a considerable increase in the expenditure of his department since 1921. Of course, my hon. friend at that time was occupying a highly judicial position and did not himself take a very active part in what was said having regard to the estimates at the lower figure, as it then was. After having the opportunity which my hon. friend has had of looking into the question, what does he say? Was there any merit in the charges of extravagance in connection with the administration of the department made by the Liberal opposition in 1921? If so, what were those extravagances, and which of them have been removed?

Mr. BOIVIN: There is always some merit in the charges made by the Liberals even when in opposition. I hope my hon. friend does not want me to admit that my party made charges without having some justification. I think that any opposition can find fault with any government and make charges concerning the expenditure of money, which, if properly followed up, may result in a reduction of expenditure. I do not pretend that the service was overmanned at that time by any means. I take pleasure in pointing out to my hon. friend that there has been less increase in the inside service of the Department of Customs than there has been in many of the other departments of government.

Sir HENRY DRAYTON: Will my hon. friend say there has not been an increase since 1921?

Mr. BOIVIN: There has been a gradual increase. There is an increase this year of $1,390.

Sir HENRY DRAYTON: There has been a pretty large increase year by year. I put this to my hon. friend: The charges of extravagance, overmanning, and the like, were made and reiterated and kept up hour after hour when the Liberals were in opposition. Now he has had an opportunity of looking into these charges, and he comes down with an estimate which is higher, considerably higher, than the estimate which was then under consideration. What does my hon. friend say? He is doing one of two things; he is either submitting a vote which is not called for, or else the previous criticism was entirely wrong; it is either one or the other.

Mr. BOIVIN: The Minister of Customs is really surprised to think that he has not been congratulated to-night by my hon. friend for not increasing the vote more than $1,390. I really expected congratulations.

Sir HENRY DRAYTON: I wonder if my hon. friend is really serious? I wonder if he is going to say that his expenditure is moving downwards here? I will go back further for him because I find that my hon. friend slips a good deal in the matter of facts.

Mr. BOIVIN: Possibly.

Sir HENRY DRAYTON: Very much.

Mr. BOIVIN: He has not been in the government very long yet.

Sir HENRY DRAYTON: Yes, but my hon. friend has been studying these things from the side lines—

Mr. BOIVIN: Quite possibly.

Sir HENRY DRAYTON: —and he knows, or ought to know, how matters stand. These are my hon. friend's estimates. Will he say now that the salaries in 1923-24, for example, were not $577,000 while they are this year $607,000, and will he not also admit that over and above those salaries during that period of time thousands of dollars have been paid in superannuation allowances and in pensions which are still charged upon the country?

Mr. BOIVIN: I suppose the same state of affairs exists in the Department of Customs and Excise as in every other department in so far as superannuation allowances and pensions are concerned. They cannot be controlled by the minister, they are provided, as I understand, by a separate statute.

Sir HENRY DRAYTON: Does my hon. friend say they cannot be controlled by the minister?

Mr. BOIVIN: Superannuation allowances?

Sir HENRY DRAYTON: Does my hon. friend say there is no necessity for an order in council to be passed?

Mr. BOIVIN: An order in council is passed to authorize the payment of money which is provided by law—

Sir HENRY DRAYTON: In the case of retirements?

Mr. BOIVIN: The retirements also are provided for by law—

Sir HENRY DRAYTON: Yes, once they are carried out.

Mr. BOIVIN: —over which the minister certainly could not exercise any control, and I am sure my hon. friend is too fair, even

if he does not want to congratulate me on the slow increase in expenditure, to blame me for something over which I have no control.

Sir HENRY DRAYTON: I wonder what rate my hon. friend would think would be quick?

Mr. BOIVIN: Would be what?

Sir HENRY DRAYTON: What rate would be rapid?

Mr. BOIVIN: Oh, I would say fifteen, twenty, or thirty thousand dollars a year, as these expenditures used to increase when my hon. friend was in power.

Sir HENRY DRAYTON: My hon. friend is making a statement there which he will find is incorrect, because I will just give him what the increases were then. It is so easy to say something that is not true. It is so easy to say something with an absolute disregard as to whether it is true or not. We will examine the figures and see what this twenty or thirty thousand dollar increase was. We will take Civil Government for the Department of Customs and Inland Revenue for the year 1919-20. The vote that year was $463,387. The vote for the next year was $470,875. Does the minister now see what his illustrations really amount to, how much truth there really is in them?

10 p.m. There are the facts, and there are the figures. I ask my hon. friend what he would think was a rapid increase in a department which the Liberal party claims was so tremendously overmanned and so extravagantly run. Here we have in 1920-21 a total of $470,875.

Mr. HANSON: Let the minister put that in his pipe and smoke it.

Mr. BOIVIN: My hon. friend says the vote for 1920-21 was $470,875?

Sir HENRY DRAYTON: Yes.

Mr. BOIVIN: In the year previous it was $463,387?

Sir HENRY DRAYTON: Yes.

Mr. BOIVIN: An increase of about $7,488.

Sir HENRY DRAYTON: As against an increase of twenty or thirty thousand mentioned by my hon. friend.

Mr. BOIVIN: I had in mind certain years, I was not referring to the year 1920-21. Furthermore, I was not referring precisely to that one department. I was referring to increases in different departments.

Sir HENRY DRAYTON: No, no.

[Mr. Boivin.]

Mr. BOIVIN: I will say this to my hon. friend. I thank him for the figures, I did not have them before me. He says there was an increase for the years he mentioned of $7,488. Well if $7,488 is not more than $1,390 I will have to withdraw what I have said.

Sir HENRY DRAYTON: My hon. friend has again completely dodged the issue. I never for one minute raised any comparison of the increase this year as against any other year. But my hon. friend did. He said that there was a difference of twenty thousand or thirty thousand a year in previous years as compared with this year. And he was speaking of this department. If he was not I do not know what sense there could be to the rest of his remarks because it had reference to his excellent work in this department. My hon. friend knows that perfectly well. That is what I was referring to.

Mr. STEWART (Edmonton): Look pleasant.

Sir HENRY DRAYTON: Do you know, Mr. Chairman—

Some hon. MEMBERS: Don't get mad.

Sir HENRY DRAYTON: I do not think there is anything more prone to move a member of the King government to ridicule and laughter than a consideration of dollars and cents as they affect the ratepayers of this country. I do not know what the Minister of the Interior finds so humorous. Perhaps he would like to tell us.

Mr. STEWART (Edmonton): If my hon. friend will permit me, I think he looks very much better when he is smiling than when he is serious.

Sir HENRY DRAYTON: The Minister of Agriculture will be getting nervous. His position as clown of the government is being endangered. He has got a serious opponent now as prime joker. I would suggest to my hon. friend the Minister of the Interior though, with just as much seriousness as the occasion perhaps demands, that it would be a great deal better for the country, and certainly for him, if he would give some of the time he is now spending in laughing in trying to find out what his bills mean before he brings them down in the House, when the opposition have to look after them for him. My hon. friend should know something about his work.

Mr. STEWART (Edmonton): I am sure I am very grateful to the hon. gentleman for all the help he has given me. However, I

merely remark that I fail to see the reason for the vigor he puts into his statements on some occasions. Of course we are all pleased to get direction from him on any occasion.

Sir HENRY DRAYTON: One of the things I am not going to attempt to do is to try to explain things to the minister, it would be beyond me. In the meantime, I might suggest that he should have just enough regard to the ordinary amenities of parliament in so far as a private member is concerned, let alone a minister.

Mr. STEWART (Edmonton): I trust I have been decent with every private member in the House. I hope I have and if I have not been I am ready to apologize. But I am certainly not going to apologize to the ex-Minister of Finance.

Mr. WOODSWORTH: Mr. Chairman, what item are we on?

Sir HENRY DRAYTON: I think the point is very well taken. I certainly do not ask any apology from the Minister of the Interior. Sometimes an apology is a matter of indifference; it depends somewhat upon the source from which it comes. I am going to ask my hon. friend again if he can point out the items of extravagance in overmanning the staff in the year 1921, and where the reductions have been made.

Mr. BOIVIN: I did not complain of extravagance or overmanning of staff. What I said was that in previous years the cost of administering the departments of customs had increased more rapidly than it did last year. That may not be all due to the merits of the present government. I am willing to claim credit only in part. It is due to the fact that we are able to carry on the business of the country with the same number of employees that we had last year, and that a few of the employees, as I pointed out a moment ago, have been given promotion and are now occupying their new positions at the new minimum salary, instead of the maximum salary paid to their predecessors. My hon. friend pointed out that it was necessary to pay certain allowances as superannuation or pension in connection with the employees who have retired. I admit that. That happens every year. It happens, not only in the Department of Customs but in every other department. In so far as the increase is concerned, I jokingly remarked that the increase referred to by my hon. friend of $7,488 was more than the increase of $1,390 last year. I am willing to admit that the small increase this year is accounted for by the fact that we have succeeded in reducing our vote for contingencies to the extent of $8,000. Otherwise our increase in salaries would be almost $2,000 more than in the year referred to by my hon. friend. But I think my hon. friend will admit that this gradual increase is provided for by the Civil Service Act, and that there is no extravagance on the part of the government. I am sure, if any charges of extravagance were made in days gone by, when I happened to occupy the semi-judicial position referred to by my hon. friend, that he will not hold me responsible, and that he does not want us to fight all over again the Battle of the Boyne.

Sir HENRY DRAYTON: I am not holding the hon. minister responsible. I am asking a plain question which he has not answered. The charges were made, as the minister knows, of overmanning and extravagance.

Mr. BOIVIN: Not to-night.

Sir HENRY DRAYTON: No, I am speaking of what was said about the estimates of 1921, and asking a very simple question, and he, as head of the department, should know whether those charges were justified or not. His own estimates obviously show that they were not. The estimates are a great deal more than they then were, but he is not frank enough to give me an answer.

Mr. BOIVIN: I certainly do not know what the charges were. I do not remember them. I have not the Hansard before me, and I am certainly not going to admit a crime until I know what I am accused of. If my hon. friend wants me to give a certificate that in that particular year there was no grave reason for a charge of mismanagement and of padding the salary list in this particular department, I am willing to say that the increase that year proportionately was no more than the increase this year.

Mr. CHAPLIN (Lincoln): The minister referred to the very economical administration of the Liberal party and to the very slight increases during certain years. I wish to call his attention to the fact that in 1921-22 the amount of this vote was $548,000; in 1922-23 it was $559,000, and in the year 1923-24 it rose to $577,000. In the year 1924 the increase was almost $20,000; so that that comes within the category of the kind of year that was really extravagant. The number of employees remained about the same, but there has been a gradual and constant increase of expenditure in the department.

Mr. BOIVIN: My hon. friend knows that during the precise year he mentions there was a general increase of salaries, and it was made on the recommendation of the Civil Service Commission, over which we had no control. The increase was proportionate in all the other departments of the government. Surely my hon. friend is not holding me or the government responsible for that.

Mr. CHAPLIN (Lincoln): No, but when you rise and make a carte blanche statement that the administration of this particular department under the Liberal regime has been so economical, I only point out the actual figures as they exist.

Mr. BOIVIN: I think my hon. friend is entirely right in his figures, and I think I am entirely right in my statements; I am sure we can both agree.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Agriculture—for experiments in dehydration of fruits and vegetables, $10,000.

Mr. CHAPLIN (Lincoln): I should like to inquire from the Minister of Agriculture how it happens that on a Friday night, after ten o'clock, when a number of members want to go away, he always brings in his estimates.

Sir HENRY DRAYTON: Explain.

Hon. W. R. MOTHERWELL (Minister of Agriculture): I do not know whether I can answer my hon. friend's question or not, except that somebody has to carry on in the House on Friday night. This is only the second time that I have been at the bat this session, if I remember well, and I do not think the last occasion was on Friday night.

With regard to the vote under consideration, this experimental work was undertaken some years ago by the department for the purpose of demonstrating what could be done in the way of dehydrating some of our fruits, particularly apples, apricots and plums, instead of adopting the ordinary evaporating system. During these two or three years we have, I think, demonstrated to the satisfaction, not of the fruit men because most of them were aware of it before, but of the consumer, the very much higher quality of dehydrated fruit, as compared with evaporated fruit. The systems are entirely different; so much so that the dehydrated fruit retains the flavour of the green fruit as compared with the almost entire lack of flavour in regular evaporated fruit. We have come to the time when we think we can accomplish it.

Mr. McGIBBON: Would the minister explain the difference between the processes?

[Mr. Chaplin.]

Mr. MOTHERWELL: The ordinary evaporating is done through heated air. It has the effect of hardening the tissue and breaking down the cellular construction of the fruit. On the other hand, the dehydrating is carried on through a more humid atmosphere, retaining the cellular construction of the fruit. We have now reached the point where we can contract somewhat in experimental work, having demonstrated beyond any question that an important industry may be developed. Our experiments have been followed up by the establishment of two plants, one in the Okanagan valley and one in the Annapolis valley, both of which are giving entire satisfaction. But the fruit men having had pretty hard sledding ever since the war, capital has not been so plentiful; otherwise I am sure many plants would now be in operation. Certainly a great quantity of fruit which is not quite up to grade one, but which at the same time is capable of preservation, could be dehydrated. In this way a large proportion of our excess fruit could be disposed of. It is not at all true that you can take culls and produce a sound dehydrated article; the better the raw material the better will the finished product be.

Sir HENRY DRAYTON: Where are these experiments carried on? Are they confined to our own buildings?

Mr. MOTHERWELL: There is one plant at the experimental farm in Ottawa, one at Grimsby in the Niagara district, and one at Penticton. We intend to continue the one at Penticton, but the committee on dehydration in charge of the work at the experimental farm has not completed its plans with reference to the work at Grimsby. The Grimsby plant may be taken over by a cold storage establishment which has been in operation there for some ten or twelve years.

Sir HENRY DRAYTON: Who are the committee?

Mr. MOTHERWELL: The committee consists of Mr. E. S. Archibald, director of the experimental farm; Mr. G. E. McIntosh, head of the Fruit branch; Dr. Frank Shutt, of the experimental farm; Professor W. T. Macoun, and Mr. C. S. McGillivray.

Sir HENRY DRAYTON: These are all employees of the government?

Mr. MOTHERWELL: Yes. They have made a special study of this work.

Sir HENRY DRAYTON: There is no salary attached to this?

Mr. MOTHERWELL: No.

Sir HENRY DRAYTON: How is the money spent?

Mr. MOTHERWELL: In the case of Penticton we have rented a cheap building, and the fruit after being dehydrated is put on exhibition. We also sell some of the product. As a matter of fact, samples of the dehydrated fruit are displayed at various exhibitions throughout the country.

Mr. McGIBBON: What does it cost to dehydrate fruit?

Mr. MOTHERWELL: The plant being small, the cost will of course be out of proportion to the production. About $12 per ton is paid for fuel. The initial expenses take up the bulk of the money.

Mr. ARMSTRONG (Lambton): How many experimental plants are likely to be operated during the present year; and how many privately owned plants have been established since this experimental work was undertaken?

Mr. MOTHERWELL: Two or three plants will be operated this year.

Mr. ARMSTRONG (Lambton): By the government?

Mr. MOTHERWELL: Yes. There are two commercial plants, one at Kelowna operated by a Mr. Bulman and another in the Annapolis valley near Wolfville.

Mr. BROWN: Is it the intention of the government to carry on experiments after private plants are established?

Mr. MOTHERWELL: No; that is why we are reducing the vote. We do not intend to continue experimental work once the public is thoroughly satisfied that fruits can be dehydrated more economically than they can be evaporated.

Mr. CHAPLIN (Lincoln): How can you tell whether or not the experiment is economical, if you do not know what it costs? Can the minister tell us what it costs to produce a given quantity of dried apples?

Mr. MOTHERWELL: You cannot tell, from experiments conducted in a small plant, what production would cost on a large scale. We are simply demonstrating what can be done in the way of converting surplus fruit into an edible product to take the place of millions of pounds of dehydrated fruit imported from the United States, and which we might very well produce in this country.

Mr. McGIBBON: The minister realizes, no doubt, that the feasibility of production commercially depends upon the cost.

Mr. MOTHERWELL: We do not run a commercial plant. But from the experiments we have carried on and the data we have secured we have come to the conclusion that this process is cheaper than the ordinary system of evaporation.

Mr. McGIBBON: When you are conducting experiments surely the cost of production is an essential consideration.

Mr. MOTHERWELL: You cannot tell what it would cost to operate a commercial plant if you judge by the results of experiments on such a small scale as this.

Mr. McGIBBON: What is the estimated cost of production?

Mr. MOTHERWELL: I can only say that it is estimated to be a little cheaper than the process of evaporation, while it is believed that the quality of the product is better.

Mr. GARLAND (Bow River): What vegetables and fruits have so far been successfully dehydrated?

Mr. MOTHERWELL: Apples, apricots, peaches, plums, pears and small fruits and vegetables, including potatoes.

Mr. GARLAND (Bow River): What is the total spent to date?

Mr. MOTHERWELL: Thirty thousand dollars.

Mr. GARLAND (Bow River): And we have learned how to dehydrate five or six varieties of fruit?

Mr. MOTHERWELL: Yes. It is believed that once we can convince the investing public that a sound business can be built up, we can produce millions of pounds of dehydrated fruit which we are now importing.

Mr. GARLAND (Bow River): I think the department would be better occupied trying to dehydrate some of our commercial corporations.

Mr. MOTHERWELL: Taking the water out of them?

Mr. GARLAND (Bow River): Yes.

Mr. MOTHERWELL: That is not in my line.

Mr. EDWARDS (Frontenac): The minister says that some $30,000 has already been expended and he is asking us to vote another $10,000, making $40,000 in all; and the purpose of this expenditure is to encourage fruit

growers so that we may be able to convince investors that a profitable business may be developed in Canada in this direction. I think he said that millions of pounds of fruit which we are now importing could be dehydrated in this country. The minister advances that as a reason in support of this vote. I say at once I am in hearty accord with him so far as that is concerned. But it does seem to me to be very strange that a different attitude is taken by this government in regard to other similar matters. The minister says: Assist me to expend another $10,000 to encourage the dehydration of fruit so we can produce an article here that is now being imported. And yet the same minister, a member of the same government, was a party to the Australian and New Zealand arrangement by which fruit pulp is allowed to come into this country free of duty. In one breath the minister encourages the fruit industry, and in the other he is doing all he possibly can to knock that industry on the head. He is reasonable in asking for something to encourage home industry. But I know this attitude will not last very long with him. It seems to me that on his part it is only a fleeting evidence of good, sound common sense, but it makes me wonder how he could find it possible to support the other measure which certainly does not, and will not, encourage the producers of fruit in this country, but, on the contrary, will drive them out of business. I could not resist, Mr. Chairman, the temptation to point out what in my judgment is a glaring inconsistency in the attitude of the government on this item and on the Australian treaty.

Mr. ARMSTRONG (Lambton): Do I understand the minister has expended $30,000 in experimenting along these lines and that up to the present there is only one small plant?

Mr. MOTHERWELL: There are two; one in the Okanagan and one in the Annapolis valley.

Mr. ARMSTRONG (Lambton): How large are those plants?

Mr. MOTHERWELL: The Okanagan plant, which is operated by Mr. Bulman, has dehydrated thirty-five or thirty-six carloads of fruit, mostly apples. All fruit men know that every medium possible should be used to take care of the peak load rather than allow any of the fruit to go to waste, especially during the harvest time when the crop is rushed on the market. We have also established pre-cooling for the same fruit growers. They dry some of their fruit, they pre-cool some of it, and they dehydrate some of it to prevent waste. It is a good plan to take care of the fruit by all legitimate means available. I quite expected the criticism made by the hon. member for Frontenac. He would be less than human if he had not taken advantage of the opportunity to criticize what he considers to be an inconsistency on our part with regard to hurting the fruit industry by the Australian treaty, as he alleges, and coming to its rescue by this vote. Suppose, for the sake of argument, our fruit growers have cause to be alarmed by the effects of the Australian treaty, is that not all the more reason why something should be done to offset those effects?

Sir HENRY DRAYTON: A sort of "off again, on again."

Mr. MOTHERWELL: I am assuming that his argument is sound.

Mr. EDWARDS (Frontenac): Mr. Chairman, inasmuch as the minister says he expected this criticism from me, I am very glad to take it as evidence that he has got a conscience which does work sometimes.

Mr. MOTHERWELL: I hope so.

Mr. TOLMIE: Mr. Chairman, I congratulate the minister on his change of attitude as evinced towards the Australian treaty,—so far as the dairy end of it is concerned,—and as now indicated in this matter of dehydrated fruits. It is of great importance to carry on such experiments as will enable our growers after a while to prepare their surplus for the market under certain conditions, and this provides one of the methods for doing so. At what price can you buy this fruit for dehydration in comparison with its ordinary market value?

Mr. MOTHERWELL: We have no figures with regard to small fruits, but they could pay a dollar a hundred weight for apples.

Mr. TOLMIE: How many pounds of dry friut would you get per hundred pounds of green fruit by this method as compared with the old sun-drying method?

Mr. MOTHERWELL: Dehydrated fruit will carry more moisture and still be in condition to warehouse. Consequently you will make more dehydrated fruit out of 100 pounds of raw fruit than you will by the sun drying method.

Mr. TOLMIE: What is the comparison as to palatability say in the form of an apple pie?

Mr. MOTHERWELL: The dehydrated fruit is very much superior; to a large extent it retains the flavour of the green fruit.

Mr. TOLMIE: And is a decidedly better product?

Mr. MOTHERWELL: Assuredly; there is no comparison.

Mr. TOLMIE: In California they have what is known as sun-made fruit, that is, fruit dried in trays in the open. Have you any figures as to the comparative cost of that method and dehydration?

Mr. MOTHERWELL: Sun-drying is an obsolete method and cannot be recommended at all to-day, any more than you could recommend the system of stringing together apples and hanging them up near the stove pipe as we used to do a good many years ago, thus making a convenient roost for the flies. The principle is the same—evaporation. There is no comparison whatever between the quality of dehydrated and evaporated fruit.

Mr. BROWN: With regard to quality, I have tasted some of this dehydrated fruit at home and it is almost impossible to tell it from the green fruit, the quality is so fine.

Sir HENRY DRAYTON: And what is the gain in percentage of weight?

Mr. MOTHERWELL: I do not think we have that data. Does my hon. friend mean when it is brought back?

Sir HENRY DRAYTON: The minister explained that there were two advantages to this system, firstly the flavour and secondly that more moisture is retained and therefore the weight is greater. What is the gain in weight?

Mr. MOTHERWELL: About 10 per cent, I understand. I believe also that it has a greater absorptive capacity.

Sir HENRY DRAYTON: It goes better with cream?

Mr. MOTHERWELL: Yes.

Item agreed to.

Mr. MOTHERWELL: We might let item 45 stand and go on with item 46.

Mr. TOLMIE: With respect to items 45 and 46, these are very important, usually entailing a discussion lasting some time. Our benches are rather bare now; it is getting late; this is Friday night; we have had a very hard week and I would suggest that having passed one item safely and pleasantly it would be a favour to this House to defer the remainder until next week.

Mr. MOTHERWELL: I quite appreciate the suggestion of my hon. friend, but the Prime Minister requested me to keep going to a reasonable hour; he knows my disposition to yield to the representations of my hon. friend when he puts them in that enticing way. I would be glad to skip these large items and start at the bottom.

Mr. TOLMIE: Then let us go on to item 48.

Mr. MOTHERWELL: Very well; that has to do with entomology, commonly called the study of bugs. This may give some amusement to hon. members opposite.

Agriculture—entomology, $20,000.

Mr. TOLMIE: Would the minister tell us something of the effect of the operations of the department on the cattle ranges of British Columbia in dealing with the grasshopper plague?

Mr. MOTHERWELL: I am informed that should come under the next vote, but we can dispose of it now. That invasion of grasshoppers came from the south, through the southwest corner of Manitoba and into the southeast corner of Saskatchewan about five or six years ago. It has worked westward until now it is almost to the Pacific. The federal government, in co-operation with the various provincial governments, and they in turn with the municipalities, all working in harmony and unison, have suppressed this pest by the distribution of poison bait. I have forgotten the formula, but it is something which seems to work very effectively in dealing with the plague. The advice and leadership in general control of grasshoppers in British Columbia have been undertaken during 1925 in connection with the Department of Agriculture and the range commission of British Columbia. This co-operation, extension and control work will be continued in that province to the limit of the resources available in 1926. This is the same policy pursued by my hon. friend when he had charge of the work, at which time I imagine the plague was probably in the western part of Alberta.

Mr. TOLMIE: What variety of grass hopper is it?

Mr. MOTHERWELL: It is one that seems to get away with a lot of grub. I understand it is sometimes spoken of as an army grasshopper; it goes in great waves; it is very industrious until it is ready to leave and then it moves off quickly, generally leaving destruction in its wake. I believe there is more than one variety. I had reports from my officers when we had the invasion in Sas-

katchewan, but I do not recall the scientific names of these destructive insects.

Mr. TOLMIE: Have any complaints been received as to the poisoning of stock from the use of this treatment?

Mr. MOTHERWELL: There have been rumours, but nothing authentic. If animals took a full meal of it they would be poisoned, but not by just picking it up in the pasture.

Mr. TOLMIE: What is the poisonous material used in the destruction of grasshoppers?

Mr. MOTHERWELL: Arsenic.

Mr. TOLMIE: In what way are animals poisoned? The minister says they cannot pick up enough from the grass to notice the effect, so in what way do they secure enough of this poison to injure them?

Mr. MOTHERWELL: When it is distributed evenly in the usual way an animal cannot possibly pick up enough to produce any bad effects, but if the material drifts with the wind or accumulates in any other way, animals having access to it may be poisoned. The ordinary distribution methods, under normal conditions, have quite demonstrated that it can have no poisonous effect because the animals cannot get enough of it.

Mr. TOLMIE: Have complaints been received of animals being poisoned by chewing sacks which held the poison?

Mr. MOTHERWELL: There was one such case.

Mr. MILLAR: I know of one case in my district where that occurred.

Mr. TOLMIE: I understood there were complaints made in Alberta and other provinces because of animals having access to the empty sacks.

Mr. MOTHERWELL: There was one such case in Alberta.

Mr. GARDINER: Does the department contribute to the cost of destroying these pests?

Mr. MOTHERWELL: No; the cost of the poison is paid on a fifty-fifty basis by the provincial government and the municipality. We supply the staff and assist in an advisory way.

Item agreed to.

Progress reported.

On motion of Mr. Robb the House adjourned at 10.45 p.m.

Monday, May 31, 1926.

The House met at three o'clock.

PRINTING OF PARLIAMENT

Hon. CHARLES MARCIL (Bonaventure) moved that the second report of the joint committee of both Houses on the Printing of Parliament be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

WEDNESDAY AND EARLY SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the House will have noticed that I have on the order paper a motion, to come up to-morrow, that when the House adjourns on Wednesday the second of June, 1926, it stand adjourned until Friday the fourth of June, 1926. That is to permit of an adjournment over the King's birthday. I believe that the members generally are anxious that we should lose as little time as possible in bringing the work of the session to an end.

Mr. MANION: Hear, hear.

Mr. MACKENZIE KING: I would ask therefore, with the leave of the House to propose the following two motions. If there is any exception taken to their being proceeded with at this stage, I will let them stand until to-morrow. The first motion will be, seeing that we adjourn for Thursday: that the House sit on Wednesday night of this week and all subsequent Wednesdays. The other motion is that on and after Monday next to the end of the session the House sit at two o'clock in the afternoon instead of at three o'clock.

I will read the first motion:

That on Wednesday, second of June, 1926, and subsequent Wednesdays to the end of the session, the sittings of the House shall in every respect be under the same rules as provided for other days.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I would ask that the motion stand until to-morrow.

Mr. MACKENZIE KING: And also the following, I presume:

That on and after Monday, the seventh of June, 1926, until the end of the present session the House shall meet at two o'clock in the afternoon of each sitting day.

Mr. MEIGHEN: I will also ask that that motion stand until to-morrow.

CANADIAN RED CROSS SOCIETY ACT AMENDMENT

Hon. E. M. MACDONALD (Minister of National Defence) moved for leave to introduce Bill No. 151, to amend the Canadian Red Cross Society Act.

He said: This bill is introduced, Mr. Speaker, at the request of The Canadian Red Cross Society, which operates under chapter 68 of the statutes of 1909, and the amending act, chapter 13 of the statutes of 1922. The society does not possess legal authority to dispose of any property which it holds, and particularly is not competent to give another party legal title thereto. It is given authority to purchase and hold certain property for the purposes of the society. During the war a number of properties which the society obtained throughout the country increased, and now they are being exchanged or disposed of in the interests of the society. It is proposed under this bill to give the society the power to deal with those properties.

Mr. MEIGHEN: Is it not really private legislation?

Mr. MACDONALD (Antigonish): Yes, but the Red Cross Society asked the government to introduce it.

Motion agreed to and bill read the first time.

OPIUM AND NARCOTIC DRUG ACT AMENDMENT

Hon. J. C. ELLIOTT (Minister of Health) moved for leave to introduce Bill No. 152, to amend the Opium and Narcotic Drug Act, 1923.

He said: Mr. Speaker, this bill covers an amendment to section 5 of the act to require that where a retail druggist sells narcotics to a physician, veterinary surgeon, dentist or druggist he must have an order in writing. The object is to check up a little more closely the sale of narcotics by druggists.

The other clauses, with the exception of the last, are to make the act conform to certain divisions made last session when subsection (d) was divided into (d) and (f). In referring to that subsection later in the act subsection (f) was omitted. That is purely formal.

The last clause consists of adding the word "prescribe" to bring prescribing within the meaning of the act, some question having arisen as to this.

Motion agreed to and bill read the first time.

CRIMINAL CODE AMENDMENT

Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 153 to amend the Criminal Code.

He said: The first amendment proposes to repeal sections 97A and 97B of the Criminal Code as enacted in 1919 concerning unlawful association. There is also an amendment—which has passed this House many times and been thrown out by the Senate—respecting offences against girls. We propose to delete the words "of previous chaste character", and in this form we think the amendment will meet with a better fate. Another amendment is to restore to the crown the right of appeal which involves questions of law alone. This existed prior to criminal appeals being established three years ago, which gave to the convicted person the right of appeal under such circumstances, but took it away from the crown which had had it previously. That bill originated in the Senate. The last amendment is the bill which was introduced by the hon. member for Peace River (Mr. Kennedy) regarding scrip issued to half breeds. The House adopted his bill last year and the year before but it was rejected by the Senate. The hon. member has introduced it this year, and in order to give the bill a chance to come before the House I have taken the responsibility for it and inserted it in my own bill.

Mr. CLARK: With regard to the right of appeal may I draw to the attention of the Minister of Justice (Mr. Lapointe) the provisions of section 1014 of the Criminal Code:

> On the hearing of any such appeal against conviction the court of appeal shall allow the appeal if it is of opinion—(a) that the verdict of the jury should be set aside on the ground that it is unreasonable or cannot be supported having regard to the evidence.

Under that section there is the right to allow an appeal on a question of fact if the verdict of the jury is found to be against the weight of evidence. But the great majority of criminal trials are speedy trials before a judge alone, and under that subsection there is no right to disturb the decision of a judge on a question of fact. Under subsection (c) there is the right, however, to allow an appeal on the ground that there has been a miscarriage of justice. This section was copied from the act in England, where all trials are by jury, I understand, and in England it has been the custom to

confine the application of subsection (c) to jury misconduct or some error in trial procedure. I understand the judges of appeal have found it very embarrassing to interfere with the decisions of trial judges on questions of fact where the trial has been held without a jury. This has been brought to my attention by a justice of the appellate division of Ontario, and he strongly suggests that the amendment be made to section 1014. If I may refer the minister to the proposed amendment, section (a) would read as follows:

That the verdict of the jury or the judgment of the trial court. . . .

The words "or the judgment of the trial court" are added.

Mr. LAPOINTE: I will read my hon. friend's remarks in Hansard to-morrow and give careful attention to his suggestion.

Mr. MEIGHEN: Would the minister explain more fully what the two clauses are which are being repealed? He stated that they were clauses against unlawful associations, and I cannot recall just now what their provisions were.

Mr. LAPOINTE: I suppose this would come more properly when the second reading of the bill is moved. As my hon. friend well remembers, these two sections were inserted in 1919, some time after the labour disturbances in western Canada. They give the right on the warrant of a justice of the peace to search the papers of a citizen who is supposed to be a member of an association which would come under that section, and anyone attending meetings of such an association would be guilty of the crime of sedition. These were new clauses inserted in the code at the time of the unrest in this country, and that was the reason given for their adoption. All the labour unions of Canada have protested against these sections, believing that they might be construed as dangerous to themselves. However, I will give a fuller explanation when the second reading is moved.

Motion agreed to and bill read the first time.

SENATE BILLS

FIRST AND SECOND READINGS

Bill No. 117 (from the Senate) for the relief of Mabel Ellen Barrett.—Mr. Simpson.

Bill No. 118 (from the Senate), for the relief of Mabel Victoria Westerby.—Mr. McClenaghan.

[Mr. Elliott.]

Bill No. 119 (from the Senate), for the relief of Morgan Hart.—Mr. McClenaghan.

Bill No. 120 (from the Senate), for the relief of James Arthur Breadon.—Mr. Duff.

Bill No. 121 (from the Senate), for the relief of Marjorie Esther Splan.—Mr. McClenaghan.

Bill No. 122 (from the Senate), for the relief of Gladys Orme.—Mr. Duff.

Bill No. 123 (from the Senate), for the relief of John Andrew Reid.—Mr. McClenaghan.

Bill No. 124 (from the Senate), for the relief of William Thomas Charlton Spence.—Mr. McClenaghan.

Bill No. 125 (from the Senate), for the relief of Gladys Lucie White.—Mr. McClenaghan.

Bill No. 126 (from the Senate), for the relief of Robert Stewart McIntyre.—Mr. Duff.

Bill No. 127 (from the Senate), for the relief of Goldie Luella Russell.—Mr. Mewburn.

Bill No. 128 (from the Senate), for the relief of Arthur Atkinson.—Mr. Anderson (Toronto-High Park).

Bill No. 129 (from the Senate), for the relief of Lillian Edith Hudgin.—Mr. Stevens.

Bill No. 130 (from the Senate) for the relief of Mary Booth.—Mr. Anderson (Toronto-High Park).

Bill No. 131 (from the Senate), for the relief of Bernard Ernest Sleeth.—Mr. Boys.

Bill No. 132 (from the Senate), for the relief of Elsie Fray.—Mr. Geary.

Bill No. 133 (from the Senate), for the relief of Cecilia Marrie Peters Kendall.—Mr. Bell (St. Antoine).

Bill No. 134 (from the Senate), for the relief of Elias Malky.—Mr. McClenaghan.

Bill No. 135 (from the Senate), for the relief of Ethel Beatrice Walker.—Mr. Bell (Hamilton).

Bill No. 136 (from the Senate), for the relief of George Elgie Dulyea.—Mr. Casselman.

Bill No. 137 (from the Senate), for the relief of John Wilson.—Mr. Church.

Bill No. 138 (from the Senate), for the relief of John Sydney Wright.—Mr. McClenaghan.

Bill No. 139 (from the Senate), for the relief of Lillie Torrance Cascadden.—Mr. Kay.

Bill No. 140 (from the Senate), for the relief of James Thomas Young.—Mr. Church.

Bill No. 141 (from the Senate), for the relief of Copland William Evans.—Mr. Hocken.

Bill No. 142 (from the Senate), for the relief of Arthur John Harman.—Mr. Anderson (Toronto-High Park).

Bill No. 143 (from the Senate), for the relief of Annie Rebecca Herbert.—Mr. Geary.

Bill No. 144 (from the Senate, for the relief of David Joseph Potter—Mr. Stinson.

Bill No. 145 (from the Senate), for the relief of Walter Harold Bingley.—Mr. Garland (Carleton).

Bill No. 146 (from the Senate), for the relief of Ethel Harriett Little.—Mr. Tummon.

CIVIL SERVICE SUPERANNUATION

EXTENSION OF TIME FOR MAKING APPLICATION

On the Orders of the Day:

Hon. H. H. STEVENS (Vancouver Centre): I would like to ask the Minister of Finance (Mr. Robb) if he can give me an answer to my question appearing on page 3352 of Hansard for May 14, having reference to the continuation of the privilege under the Civil Service Superannuation Act to certain members of the civil service who do not come under the provisions of the act. On that occasion the minister said:

> I will submit my hon. friend's question to the actuaries and I shall be in a better position to answer him in a few days.

Is the minister prepared to now answer the question?

Hon. J. A. ROBB (Minister of Finance): Yes. I carried the memorandum in my portfolio for several days, but my hon. friend was so busy in the committee that I did not have an opportunity to give it to him. I will bring it to-morrow, however, and if my hon. friend is in his seat I will send it to him, or I can give it to him personally if he so desires.

BUSINESS OF THE HOUSE

STATEMENT BY PRIME MINISTER AS TO LEGISLATION PENDING

Right Hon. W. L. MACKENZIE KING (Prime Minister): The right hon. leader of the opposition (Mr. Meighen) asked me towards the end of last week if I would give the House a statement as to the legislation to be proceeded with this session, and as to whether it was all on the order paper. I can, of course, say nothing as to what legislation may be necessary, arising out of the reports of committees, but with that exception I think all the legislation which the government have any intention of introducing appears on the order paper now. There is one possible exception, an amendment to the Montreal Harbour Commission Act and an amendment in the nature of concurring legislation respecting the control of water in the railway belt of British Columbia. The government of British Columbia have passed an act dealing with this matter, and we are asked to concur in their legislation. With those two exceptions I think the House has now before it all the legislation which the government intends to introduce at this session. But I would ask my right hon. friend not to hold me too literally to what I am saying. I am not aware of anything else contemplated, but it is just possible that some slight amendment to some act or some unforeseen measure may come up before the end of the session which the government might wish to ask parliament to pass. I am giving to the House now the position as I see it.

My right hon. friend also asked whether there was any legislation on the order paper which the government did not contemplate proceding with. There is. So far as the legislation referring to the transfer of natural resources to Alberta is concerned, it is not contemplated to proceed with that legislation at the present time.

Mr. MEIGHEN: I would ask if the Prime Minister has no statement to make to the House in reference to this abandoned legislation, and the reason for not proceeding with it.

Mr. MACKENZIE KING: In answer to my right hon. friend's query, it would be better, I think, that any statement on that subject should be made by my colleague the Minister of Justice (Mr. Lapointe), and I would ask him to make a statement to the House on that matter to-morrow.

APPOINTMENT OF POST OFFICE INSPECTOR—MARITIME PROVINCES

On the Orders of the Day:

Mr. R. B. HANSON (York-Sunbury): I would like to ask the Minister of Justice, in his capacity as the representative in this House of the Postmaster General, if a report appearing in a despatch under date of Moncton, N.B., May 29th, respecting the appointment of an additional and fourth district post office inspector in the Maritime provinces is correct. I would like to point

out to him that we already have three post office inspectors in the Maritime provinces, where I think perhaps two or even one would do. There is no necessity whatever for a fourth. This statement, I think, has all the earmarks of having been given out as an inspired utterance.

Hon. ERNEST LAPOINTE: I will make the necessary inquiry, and give the information to my hon. friend.

SALARIES OF POSTMASTERS

On the Orders of the Day:

Mr. A. M. BOUTILLIER (Vegreville): I would ask the representative of the Postmaster General in this House whether the scale or plan upon which the salaries of town, village and rural postmasters are to be based after the 1st of July has been completed, and if so, when the information will be available to the members of the House.

Hon. ERNEST LAPOINTE: I remember having answered some time ago a similar question. The salaries of the postmasters for the coming year will be based, of course, on the revenue of their post offices during the present year, and will not be affected by any change to be made on July 1st. During the period from July 1st on the department will consider whether it is opportune to change the method of paying salaries to the postmasters.

RETURN TO GOLD STANDARD

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Will the Minister of Finance (Mr. Robb) state whether on July 1st next Canada will revert fully to the gold standard, or is there to be introduced any legislation modifying the present Finance Act?

Hon. J. A. ROBB (Minister of Finance): I have no intention of introducing any legislation, and automatically Canada will go on a gold basis on the 1st of July.

INQUIRY FOR RETURN

SCREENINGS

On the Orders of the Day:

Hon. ROBERT ROGERS (South Winnipeg): I would draw the attention of the Minister of Agriculture (Mr. Motherwell) to the fact that on May 17th the following order of the House was passed:

> For a copy of all orders' in council, letters, telegrams and other documents relative to the purchase of screenings during the years 1917 to 1921, inclusive, along with a statement showing the firms from which the said screenings were purchased, the amount from each firm, the price paid, to whom sold, the amount to each firm and the price in each case.

I would ask when we may expect this return.

Hon. W. R. MOTHERWELL (Minister of Agriculture): Getting this information is rather a long process. I was speaking to my deputy about it a week ago, and he said it would be ready in the next two weeks, which would be a week from now. I will make further inquiries and try to expedite the return.

NOVA SCOTIA COAL

REPORTED STATEMENT OF MR. FORKE

On the Orders of the Day:

Mr. THOMAS CANTLEY (Pictou): I would like to ask the Minister of Mines a question based on an article which appears in this morning's issue of the Ottawa Journal, contributed by the Canadian Press. It refers to an interview with the leader of the group to my left, and among other things quotes the hon. member for Brandon (Mr. Forke) as follows:

> Western farmers, Mr. Forke said, were quite favourably inclined toward the tariff reduction on automobiles, but the problem of protection was a difficult one.
>
> "We are supposed to be low tariff men," said Mr. Forke, "but in practice it is difficult to carry out theories. Take the coal and steel industries in Nova Scotia, for instance. The simple fact is that the mines there are not economically sound. Coal is produced at an excessive cost, and when it is produced it is poor in quality."

I shall not continue further, but I would ask the Minister of Mines if his attention has been called to this matter, and if he will take any steps to induce his colleague the commander of the left wing of this government to make the amende honourable in connection with a statement of this kind, which, as a matter of fact, is an absolute misstatement of fact and contains three libels in regard to the premier industry of the province of Nova Scotia.

Hon. CHARLES STEWART (Minister of the Interior): Of course, I do not read the Journal; I read the Citizen. I did not see the article in question—

Mr. GOTT: The Citizen had it too.

Mr. STEWART (Edmonton): I missed it then. All I have to say is that I can be responsible only for my own statements. I suppose that what my hon. friend is taking exception to is the statement with reference to the quality of Nova Scotia coal.

Mr. MEIGHEN: Is there no such thing as cabinet responsibility extending to the hon. member for Brandon?

Mr. STEWART (Edmonton): I nearly got into trouble the other day by butting into a discussion in the House, and I would commend to my right hon. friend the wisdom of refraining from such a course.

THE CANADIAN DEXTER P. COOPER COMPANY

Mr. R. B. HANSON (York-Sunbury) moved the third reading of Bill No. 93, to incorporate The Canadian Dexter P. Cooper Company.

Hon. J. A. ROBB (Minister of Finance): Mr. Speaker, my attention has only now been called to this bill. I suppose it has been carefully considered by the private bills committee, but I notice that under the bill the company asks the right to sell power not only in Canada but in the United States. I would like to know from the promoter of the bill, who is a good lawyer, what will happen under the terms of the act of 1907 if the government determines not to allow the export of power, if, for instance, the province of New Brunswick determine they cannot export power.

Mr. HANSON: The direct answer to that in this connection would be that under this bill the power itself will not be generated in Canada, but the storage, nine-tenths of the storage, I should say, will be in Canada, and a new section was inserted in the bill in the Private Bills committee whereby all these matters will have to receive the imprimatur not only of the International Joint Commission but also of the Governor in Council of Canada. The provisions of the Export of Electricity Act have been made to apply to this bill, in the same way as the provisions of the Navigable Waters Protection Act.

I might say for the information of the House and of the minister that the bill was considered at three or four long sessions of the Private Bills committee and we gave that aspect, as well as other aspects of this bill, our very best consideration, and finally we adopted as a new section 16 provisions which will in my opinion at all events absolutely safeguard Canadian interests. If they are not safeguarded I wish the House would safeguard them; but so far as I am aware they are already definitely safeguarded. The matter is left in the hands of the Minister of Public Works with respect to navigation; in the hands of the Minister of Marine and Fisheries with respect to fisheries; in the hands of the Minister of the Interior with respect to power; in the hands of the International Joint Commission with respect to the division of power; and finally the approval of the Governor in Council must be secured before anything is done. Therefore I think we have done all we can to protect Canadian rights.

Mr. MARCIL: The bill has not been reprinted. Will the hon. gentleman read the clause in question?

Mr. HANSON: I understand the bill has been reprinted. The section in question is a new section—section 16.

Mr. MARCIL: Will the hon. member be good enough to read it?

Sir HENRY DRAYTON: You will find it in your copy of the reprinted bill.

Hon. LUCIEN CANNON (Solicitor General): The bill has been reprinted, I have a copy of the reprinted bill here. The measure was fully considered in committee, amendments to it were adopted, and its passage was unanimously approved by the committee. Furthermore, as my hon. friend from York-Sunbury said a minute ago, every possible interest has been looked after and safeguarded. No less than three departments of this government are to be consulted, and the International Joint Commission as well. Finally, after all these proceedings have been gone through, the Governor in Council has to give his approval.

Mr. J. G. ROBICHAUD (Gloucester): Have arrangements been made for the Canadian fishermen interested to be heard by the Departments of Public Works and Marine and Fisheries before a decision is given with respect to this matter? If the fishermen are not so represented I am afraid the privileges which they have enjoyed for several generations past will be jeopardized. I believe the House should be very careful before giving this bill its final reading. Certainly provision should be made so that the fishermen concerned may be well represented before the different departments that have to do with this matter.

Mr. CANNON: The suggestion of my hon. friend is an appropriate one. I have no doubt at all that should any difficulty arise when the question comes up before the Minister of Marine and Fisheries, he will see to it that the fishing interests in New Brunswick are fully represented and heard, and that no decision will be rendered before the case has

been explained to him. I am confident that no decision will be rendered by the various departments concerned until after the interests affected have been fully and completely heard.

Mr. W. F. MACLEAN (South York): Following up what the Minister of Finance has said, may I put this question: Supposing this company had incurred enormous expense in developing this tidal power, would they not insist then on being given an opportunity to export that power, and is the country protected in that respect?

Mr. CANNON: They cannot export power unless they are authorized to do so.

Mr. MACLEAN (York): Yes, but they may spend millions and then make a demand to be allowed to export power.

Mr. CANNON: That is their own lookout. I have no doubt the company would not expend a very large amount unless they had the assurance that they would be in a position to exercise the powers conferred by this bill. However, as I have already said the company cannot do anything contrary to Canadian interests without first putting their case fully before this government, and also before the International Joint Commission, I do not think any hon. member need be apprehensive that Canadian interests will not be fully protected.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): There is one point to which I should like to draw the attention of the House. Undoubtedly, it seems to me, the fishing and navigation rights, and the rights of riparian owners, are safeguarded in the bill. But there are certain new rights with regard to the development of water-powers by means of tidal waters that do not appear to me to be quite so fully guarded. With respect to these new rights, there has not as yet been any judicial expression.

In connection with water-powers developed on Dominion lands, it has been usual to have a clause inserted by which, after the expiration of a certain period, the Dominion government may expropriate the works and regard them as for the general welfare of Canada, provision being made, of course, for the reimbursement of the owners for the outlay they have made. It seems to me that there ought to be a clause along this line inserted in the present bill. We do not know as yet whether there is much prospect of this particular undertaking being a success. We have had no evidence of that from any engineer other than the promoters; but if the scheme of developing electricity from tidal waters should prove feasible it may mean a great deal to the future of Canada. Now, I have no desire to enter into a controversy as to whether these waters come directly under provincial or under Dominion jurisdiction, the lawyer members of the committee were inclined to think they came under provincial jurisdiction; but I would submit, as a layman, that already the Dominion has certain rights in these waters. The navigation rights of the Dominion are admitted, the fishing rights of the Dominion are admitted, and why should not the Dominion also claim rights with regard to the generation of power. A new right is being created as to which there has been no definite allocation, and I should like to see inserted a clause to the following effect:

> The property in and the right to the use of all tidal water powers situated within the Dominion of Canada are hereby declared to be vested in and shall remain in the crown; and every undertaking hereunder is hereby declared to be a work for the general advantage of Canada.

Unless there is some real objection to this being inserted, I should like to have it adopted as an amendment to the bill—if we have the right to do that in this House. It seems to me that something of the kind is necessary at this stage to safeguard the rights of the people of Canada.

Mr. HANSON: I rise to a point of order. The amendment is out of order, no notice having been given of it.

Mr. DEPUTY SPEAKER: The point of order is well taken. The amendment should be referred back to the committee and then notice of it given. Is it the pleasure of the House to adopt the motion?

Some hon. MEMBERS: No, No.

Mr. DEPUTY SPEAKER: Those in favour of the third reading of this bill will please say "aye."

Mr. E. J. GARLAND (Bow River): In order that the amendment which the hon. member for Winnipeg North Centre has submitted may be duly considered I would move the the bill be referred back to committee for the purpose of amending it in the manner referred to.

Mr. HANSON: I doubt very much if the hon. member for Bow River knows what the amendment really is. I could not grasp its purpose while the mover was reading it, but I have an idea that the hon. gentleman was advancing a principle that the committee has already passed upon, namely, that the gov-

ernment should have the right to take over this proposition at any time. I do not see that any good purpose can be served by the amendment.

Hon. Mr. STEWART: Is my hon. friend right about that? Is the principle not rather that the control of the power right should be in the hands of the federal authorities rather than in those of the province? If I am wrong I should like to be corrected?

Sir HENRY DRAYTON: It is in the hands of the provincial authorities now, is it not?

Mr. WOODSWORTH: Perhaps if the hon. gentleman did not hear me, although I thought I was speaking loud enough to be heard, I may repeat the wording of the resolution. I said that I was not trying to raise the issue as between the province and the Dominion, but I thought that we as representing the people of the Dominion have a right to safeguard the public interest. This follows pretty much the wording of the act with regard to water-powers developed on Dominion lands:

> The property in and the right to the use of all tidal water-powers situated within the Dominion of Canada are hereby declared to be vested in and shall remain in the crown; and every undertaking hereunder is hereby declared to be a work for the general advantage of Canada.

Mr. STEVENS: To what clause is that amendment moved?

Mr. WOODSWORTH: Clause 8.

Mr. DEPUTY SPEAKER: It is necessary to give notice before moving this amendment. The hon. member for Bow River (Mr. Garland) has moved an amendment which will, I think, satisfy the hon. member for Winnipeg North Centre (Mr. Woodsworth), that the bill be not now read the third time but that it be referred back to committee.

Mr. MACLEAN (York): I am surprised that the Minister of Finance has not protected the rights of Canada in this matter. Here is a proposal for a big exploitation of something and they are to sell power to the government. The export of power is a great question in this country and we are hearing more of it every day. I challenge the government on this question, to take action. They will have an opportunity of bringing down their policy by the remission of the bill to committee for further consideration. If the government will not say anything, possibly it may be taken for granted that they approve of the principle involved in the bill.

Hon. CHARLES STEWART (Minister of Interior): While the question which has been raised as to the ownership or control of water-powers within the provinces has not been definitely settled, nevertheless it has been within the realm of discussion for some considerable time. The same question would arise in regard to the water powers on the St. Lawrence river. The question raised now is as to who should control the water powers. We have raised no question with the provinces in regard to such control. There are times when this matter is called in question, but it would raise a difficult issue to bring up here the question of ownership of whatever Canadian waterpower rights there are adjacent to the province of New Brunswick.

Mr. CANNON: This amendment was never proposed before the committee. I see no objection to the bill being referred back to the committee and in the meantime we can study the amendment and asecrtain exactly what it means. I would not be prepared to express an opinion on the effect of the amendment until I had had time to study it.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): If I caught the amendment aright, I do not think it is worth the time of the House to make a reference back to committee to have the matter considered. There was quite a lot of discussion and I may not have got the purport of it, but if I heard it rightly the purpose of the amendment was to enable the crown in the right of Canada to expropriate at any future time it might be so advised. In the first place, in so far as Canadian property is concerned, that right is inherent. It can be exercised at any time, and the case is not strengthened in any appreciable degree by such a clause in the enabling charter of the company. The right to expropriate is one which is inherent in this parliament in relation to any company coming under federal jurisdiction. I have just read over the bill for the first time, but it is not hard to understand, and I think I have a grasp of it. It enables the company to do certain things, notably to develop waterpower, and I believe the locus of the development is to be somewhere in an inlet of the bay of Fundy, the idea being to utilize the tides for the purpose of developing waterpowers. Now certain work will be Canadian and certain work will be American, and included in the later category is the power site itself. It is next to inconceivable that Canada as a Dominion would want to expropriate half of the work, and especially the half that does

not work. It is the other half that does the work. Consequently if there ever was a bill in which it would not be necessary to insert this safeguarding clause it would be this one, but I never saw much value in inserting that clause anywhere. In fact where I saw it put in I thought it was simply an endeavour to sugar-coat it for parliament, because that right of expropriation can always be exercised at the will of parliament. All that is necessary is to pay adequate compensation under the law of the land. I do not see any value in having it referred back to the committee to consider an amendment of that character. I can think of one or two amendments I would like to insert in the bill myself, but they are not of such a character as to justify delaying the passing of the measure. They will probably be brought up in the Senate. It seems to me there should be something holding the company to some certain area. It is rather a company at large, under the terms of the bill, but this does not go to the heart and substance of the matter, and I have no doubt will very quickly be taken care of by the upper chamber when the bill gets there. I see no object at all in delaying the measure by referring it back to committee with instructions to insert a clause to provide against something which in any event would scarcely be dreamt of in a case of this kind. Even if it were inserted, it would be mere surplusage, because that right is inherent in all cases.

Mr. WOODSWORTH: Why is it that in the Dominion Waterpowers Act we find inserted clause 4 which reads:

> The property in and the right to the use of all Dominion water-powers are hereby declared to be vested in and shall remain in the crown, saving, however, any rights of property in or to the use of such powers which have heretofore been granted by the crown; and every undertaking hereunder is hereby declared to be a work for the general advantage of Canada.

Mr. MEIGHEN: I gave a hint of the reason which I think often prompts the insertion of a clause of that kind. It makes it look a little more palatable, but I will remind the hon. member that under our Soldier Settlement Act we take power, which we can do in relation to any property, to expropriate the individual farm of a farmer, if we want it for soldier settlement. When we give the farmer his patent we do not make a reservation that we may some day expropriate it. If we had done so we would not have enlarged our right of expropriation one iota. There was no need of it in the act to which my hon. friend refers, and no need of it here.

[Mr. Meighen.]

Mr. HANSON: Having regard to the state of the law as it now exists, I would ask the hon. member not to press the amendment or to further impede the passing of the bill. I think the House can take it for granted, on the word of the Solicitor General, that every provision for safeguarding the public interest, so far as it occurred to the hon. members attending the committee, was put in this bill, and this company is tied hand and foot to the approval of the three departments concerned, the approval of the Governor in Council and of the International Joint Commission. If anybody else can suggest any further safeguards in the public interest, I would be glad to have them inserted in the bill, if they are reasonable at all, but not the amendment which the hon. member suggests, because I do not think it is necessary.

Mr. DEPUTY SPEAKER: Mr. Garland (Bow River) moves that bill No. 93 be not now read a third time, but that it be referred back to committee of the Whole with instructions to amend said bill.

Mr. MEIGHEN: I do not know that I feel very secure in rising but I do not think that amendment is in order either. It says "instructions to amend" with no indication of the line of amendment; and as the hon. member made his motion, "with instructions to amend in the manner referred to" it is certainly not in order. We cannot conduct our business in such a slip-shod manner as that.

Mr. GARLAND (Bow River): I may be able to save the House considerable time by saying a word. I was not sufficiently able to grasp the amendment as put to the House by the hon. member for Winnipeg North Centre. My intention was quite clear. After, however, the explanation which has been given by the leader of the opposition and other hon. members I have no wish to proceed with the amendment and with the consent of the House I would withdraw it.

Amendment withdrawn.

Mr. A. A. HEAPS (North Winnipeg): Clause 12 has reference to the case of a possible dispute as to the price to be paid for the use of power and it states that such dispute shall be settled by the Board of Railway Commissioners for Canada. If any dispute should arise in connection with the purchase of power produced by this company, should the matter not be referred to some more local authority than the Board of Railway Commissioners?

Mr. HANSON: If I am in order I would like to answer that. The same point was debated in the Private Bills committee and the suggestion, I think, was advanced by myself that perhaps it ought to be under the board of public utilities for the province concerned; but inasmuch as this is a federal organization I understand it has been the general practice to refer matters of this kind to the Board of Railway Commissioners for Canada which is a body analogous to the public utilities commission of a province for just such purposes as this. It seems to have been passed unanimously by the committee with that statement and I would ask that the clause pass as it is because I still have confidence in the Board of Railway Commissioners for Canada.

4 p.m.

Mr. HEAPS: Mr. Speaker—

Mr. DEPUTY SPEAKER: The hon. gentleman can speak only once on the third reading of the bill.

Mr. HEAPS: I was going to ask a question.

Mr. DEPUTY SPEAKER: I will allow one question.

Mr. HEAPS: Even if we assume that the Board of Railway Commissioners is a good authority to determine prices and profits, does the question of provincial jurisdiction not enter into the matter?

Motion agreed to and bill read the third time and passed.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

VANCOUVER ELEVATORS

Mr. COOTE:

1. What was the total amount of grain handled by the Vancouver Harbour Commission's elevators during each of the last five years?
2. What were the total receipts from the operation of these elevators during the said years?
3. What was the total number of persons employed in the operation of the elevators during the said years?
4. What was the total amount of wages paid to said employees during these years?
5. What was the total amount and value of overages of all grain during said years?

Hon. Mr. CARDIN:

1.

Crop year	Elevator No. 1	Elevator No. 2
1923-24 grain and screenings shipped	53,096,150	—
1924-25	18,907,378	4,606,038
1925-26 (to Apr. 30, 1926)	11,973,813	7,606,144

2. Total receipts of elevators (exclusive of value of overage):—

Crop year	Elevator No. 1	Elevator No. 2
1923-1924	$790,186 65	—
1924-1925	420,687 01	$ 93,174 06
1925-1926 (to Apr. 30, 1926)	385,284 90	142,477 06

3.

Crop year	Elevator No. 1	Elevator No. 2
At January 31, 1924 (mid-season)	196	not completed
At January 31, 1925 (mid-season)	101	96
At January 31, 1926 (mid-season)	142	81

4.

Crop year	Elevator No. 1	Elevator No. 2
1923-1924	$221,046 38	—
1924-1925	151,656 93	$ 49,858 08
1925-1926 (to April 30, 1926	117,648 14	67,591 68

5. Crop year: 1923-1924—195,098 bushels grain, 1,742 tons screenings short, $168,307.03.

Crop year: 1924-1925—33,747 bushels grain, 398 tons screenings, $42,669.41 (subject to confirmation at coming weigh-up).

Crop year: 1925-1926—Cannot be determined until annual weigh-up.

PHILADELPHIA SESQUI-CENTENNIAL EXPOSITION

Hon. Mr. STEVENS:

1. Is the government aware that a great international exposition is to be held at Philadelphia, known as the Sesqui-Centennial exposition?
2. Is it the intention of the government to make an exhibit at such exposition?
3. Has the government made any study of the advertising value of this exposition to Canadian business?
4. Is it the intention of the Canadian National Railways to advertise the tourist advantage of Canada at the said exposition?

Hon. Mr. LAPOINTE:

1. Yes.
2. No.
3. With respect to immigration, yes.
4. It is the intention of the Canadian National Railways to make a liberal distribution of our general literature setting forth the advantages of Canada from a tourist standpoint. This distribution will be made by a permanent office and staff located at Philadelphia. It is not the intention of the

Canadian National Railways to have an exhibit at the exposition. It is also our understanding that neither the Canadian Pacific nor the Dominion government will have an exhibit.

FRENCH LANGUAGE—POSTAGE AND EXCISE STAMPS

Mr. SEGUIN:

1. Can the government give assurance that, when any further issue of postage or excise stamps is made, they will carry out the provisions of our constitution by issuing them in the both languages?

2. If the stamps are to be issued in one language only, would it not be the proper course to have an English and French issue alternate, so as to satisfy the wishes of an important part of our population?

Right Hon. Mr. MACKENZIE KING: The government will carefully consider the representations made by the hon. member in his question.

VANCOUVER HARBOUR COMMISSION—MR. CHARLES REID

Mr. COOTE:

1. Is Charles Reid in the employ of the Vancouver Harbour Commission?

2. If so, when was he appointed and what is his salary?

3. What duties does he perform?

4. Is this a new position?

5. If not, who formerly did this work and what was his salary?

6. Has Mr. Reid any other employment?

7. If so, what is the nature of said employment?

Hon. Mr. CARDIN:

1. Yes.

2. Appointed January 1, 1923, as comptroller and purchasing agent, salary $4,000 per annum.

3. From January 1, 1923, to October 15, 1924, performed the duties of comptroller and purchasing agent. From October 15, 1924, to date, as purchasing agent exclusively owing to enlarged scope of commissioners' activities.

4. Mr .Reid is the first incumbent.

5. Answered by No. 4.

6. No.

7. Answered by No. 6.

WHEAT GRADING

Mr. COOTE:

1. How much wheat inspected as "No Grade 2 Northern Tough" has been received into public terminal elevators at the port of Vancouver from September 1, 1925, to April 30, 1926?

2. How much of the said wheat has been dried?

3. After drying has any of this wheat been graded, "2 Northern"? If so, what was the amount?

4. After drying has any of this wheat been graded, "Dried 2 Northern"? If so, what amount?

5. After drying has any of this wheat been graded, "3 Northern"? If so, what amount?

[Mr. Lapointe.]

Hon. Mr. CARDIN:

1. In so far as the elevators of the Vancouver Harbour Commissioners are concerned, 1,134,759 bushels.

2. 1,133,617-20 bushels.

3. 640,147-40 bushels.

4. 458,770-20 bushels.

5. Nil.

OCEAN RATES—COMMITTEE EXPENSES

Mr. DOUCET:

What were the amounts, disbursed for the special committee on Ocean Rates 1925, (a) for witnesses, (b) for counsels, (c) for printing, and (d) other expenses?

Hon. Mr. LAPOINTE:

House of Commons:

A. Full amount paid to Mr. Symington in fees: No payments whatever have been made to Mr. Symington up to the present date; B. Amount in fees still due to Mr. Symington: Mr. Symington's remuneration was fixed at $200 per day. No account has yet been received from Mr. Symington but he was employed approximately 50 days at this rate which would bring the total due him to approximately, $10,000; C. Total amount paid and incurred for expenses to Mr. Symington: We have no other claim for expenses to Mr. Symington. Mr. MacDonald of Winnipeg was engaged as Mr. Symington's assistant. His account for fees and expenses, etc., amounts to approximately $2,800; D. Amount paid to each witness for fees and expenses: These accounts have been paid by the Ocean Freight Rates committee of the House totalling $639.50:

J. W. Alexander	$ 27 35
S. B. Brown	37 00
W. R. Caldwell	32 45
J. M. Carruthers	127 35
H. B. Clemes	31 00
F. C. Cornell	24 45
G. A. Gillespie	38 45
W. A. McKay	86 70
W. J. McLean	30 00
D. W. Moore	44 90
W. A. Mullins	127 35
H. T. Shaw	32 90

E. Amount paid or proposed to be paid to Sir Wm. Peterson for fees, or, and for expenses: Nothing was paid to Sir Wm. Peterson for fees or for expenses; F. Amount in full paid to W. T. R. Preston: As already reported in the return to the House made on June 22, this amounts to $487.08, outstanding, $4,232.45. All other expenses includ-

ing reporting and printing incurred by the committee, $12,914.44:

Gordon Scott	$ 7,315 79
S. R. Gordon	4 65
Map (Public Works)	131 84
Watchman	100 00
Reporters	1,826 90
Printing	3,506 60
Telephone	15 70
Telegraph	12 91

Department of Trade and Commerce:

(a) $1,862.07; (b) $16,324.28; $487.97 to be paid when funds available; (c) No information; (d) Expenses in connection with the funeral of the late Sir Wm. Petersen, $4,891.58.

POWER PRIVILEGES IN NATIONAL PARKS

Hon. Mr. STEVENS:

1. Has the government made any decision in connection with the application for power privileges at Spray lakes in the national park, Alberta?

2. Has the government in contemplation any legislation which will place the status of national parks upon a definite basis?

3. If so, is the intention in such legislation to grant industrial privileges within national parks areas only by an act of parliament?

Hon. Mr. STEWART (Edmonton):

1. No.

2. None this session.

3. Matter under consideration pending such legislation.

CANADIAN NATIONAL RAILWAYS—STATIONS CLOSED

Mr. EDWARDS (South Waterloo):

1. Is it the policy of the Canadian National Railways to close small stations?

2. If so, how many stations have been closed in each province?

Hon. Mr. DUNNING:

1. Yes, when the earnings are not sufficient to justify the expense.

2. From January 1, 1923, to December 31, 1925: British Columbia, 1; Alberta, 3; Saskatchewan, 1; Ontario, 17; Quebec, 8; New Brunswick, 2 Nova Scotia, nil.

GOVERNMENT BUILDINGS AT OTTAWA

Mr. DOUCET:

1. How many buildings are rented by the Dominion government in the city of Ottawa?

2. What rents are paid for said buildings?

Hon. Mr. KING (Kootenay):

1. Forty-eight.

2. $649,908 56.

McMURRAY DISTRICT OIL SANDS

Mr. O'NEILL:

1. How many leases are outstanding in the McMurray district for oil sands, what is the acreage and to whom are the leases given?

2. Are the leases in arrears, and, if so, to what extent?

3. Does the government regard the question of the extraction of the oil from the oil sands as settled from a commercial standpoint, and what information has the government on this subject?

4. Is the government making any tests for the commercial extraction of oil from the oil sands, and, if so, what?

5. Has the government given any bonus or assistance to finance the industry?

6. Is the government aware that it is claimed "that oil extracted from the oil sands can be cracked, by modern refining processes, and that 40 per cent of gasoline can be extracted from a barrel of oil which has been so taken?

7. If the government has not that information what information has it along the lines mentioned in the preceding question?

Hon. Mr. STEWART (Edmonton):

1. Tar sand lease No. 17. Recorded owner, Alberta Tar Sand Products, Limited. Area, 215 acres. Tar sand lease No. 20. Recorded owners, Thomas Draper and McMurray Asphaltum and Oil, Limited. Area, 1,603 acres.

2. The leases are not in arrears. The only remaining tar-sand location held under lease lies about five miles north of McKay and thirty-five miles distant from McMurray. It is assumed, therefore, that this location would not be considered as being in the McMurray district. The information respecting this lease is: Lease No. 15; recorded owner, The Consolidated Asphalt Corporation of Canada, Limited. Area, 1,825.2 acres. The rental of this lease is in arrears to the extent of $2,687.35.

3. The Department of Mines does not regard the question of the extraction of oil from the bituminous sands as settled from a commercial standpoint.

The files of the Department of Mines contain references to many proposed processes for the separation of oil from the sands and also copies of many process patents which have been issued in Canada; the United States and elsewhere. (A report on the bituminous sands of northern Alberta is now in press which contains some information with respect both to proposed processes and patents).

4. No tests for commercial extraction of oil from the bituminous sands are being made by Department of Mines.

5. No bonus or assistance in financing an oil extraction industry has been given or offered by the Department of Mines.

6. The Department of Mines is aware of the claim quoted.

7. The reference libraries of the department are provided with nearly all the published information with respect to processes for cracking and refining oils. (A list of references

would require several weeks' time for preparation and would be very bulky.

The department is aware of the claims made for various processes and is fairly well informed from the technical literature and through its investigations respecting the progress that has been made in the experimental development of processes for the extraction of oils from the bituminous sands and the treatment of the oils extracted.

CANADA SHIPPING ACT

Mr. NEILL:

1. Have repeated representations been made to the government to the effect that a complete revision of the Canada Shipping Act is required?

2. Is it the intention of the government to introduce such legislation at this session?

3. Before such legislation is introduced, will the substance of it be submitted to the shipping interests and to the Masters' and Mates' Associations, so that they may have an opportunity of expressing their views?

Hon. Mr. CARDIN:

1. Yes.

2. It has not been found feasible to have the legislation ready for submission to parliament during the present session. It is confidently expected that a complete revision of the act will be undertaken during the next session of parliament.

3. Yes.

EMPIRE DAY

Mr. CHURCH:

1. Why did not the government, on Empire Day, send a message of cordial goodwill and hearty appreciation and affection to the Mother Country?

2. Will any recognition of this event be yet taken by the government?

3. Why was the usual Empire Day message not forwarded as formerly?

4. Did the officials of the Department of External Affairs ask leave to do so, and what became of their request?

Right Hon. Mr. MACKENZIE KING:

1. It has not been the practice for the government of Canada under any administration to send an official message to Great Britain on Empire Day, nor for the government of Great Britain or any of the other dominions to send a similar message to Canada. The Prime Minister of Canada, however, has each year since his accession to office had pleasure in sending a message of goodwill to the Mother Country on Empire Day, on behalf of the government and people of Canada, through the London Times, and occasionally through other journals. This message was forwarded this year as usual.

2. Answered by No. 1.

3. Answered by No. 1.

4. Answered by No. 1.

[Mr. C. A. Stewart.]

GOVERNMENT TERMINAL ELEVATORS

Mr. GARDINER:

What was the total income and expenses for each of the government terminal elevators for the last crop year?

Hon. Mr. LAPOINTE:

	Income	Expenses, exclusive of interest and insurance
Port Arthur ..	$418,393 00	$142,833 72
Moose Jaw ..	14,907 29	42,652 16
Saskatoon .. .	33,024 57	51,019 77
Calgary	190,648 36	52,158 42
Edmonton ...	112,667 27	51,802 61
	$769,640 60	$340,466 68

IMMIGRANTS FROM HEBRIDES

Mr. GARDINER:

1. How many immigrants arrived in Canada during the last fiscal year from the Hebrides under the supervision of Father MacDonnell?

2. What salary was paid to Father MacDonnell?

3. What amount was paid to him for personal expenses?

4. What amount was paid for expenses other than personal?

5. How many, if any, have been deported or have returned to the Hebrides?

6. What were the reasons given for their deportation or return?

Hon. Mr. STEWART (Edmonton):

1. Sixty-nine, comprising twelve families—thirty-two adults and thirty-seven children.

2. $1,741.94.

3. $2,177.76.

4. None.

5. One family, comprising one adult and five children, was deported.

6. Public charge.

MURRAY CANAL BRIDGEKEEPER

Mr. MAYBEE:

1. Who laid the complaint responsible for the dismissal of Mr. John Hanna, bridgekeeper, Murray canal?

2. Was an investigation held in this matter, by whom, what charges were submitted, and by whom?

3. Is it not the policy of the government to hold investigations in such matters before taking action or making dismissals?

Hon. Mr. DUNNING:

1. Charles Hanna, Esq., M.P.

2. No.

3. For many years, the written declaration of a member of parliament to the effect that, to his knowledge, a government employee has been guilty of political partisanship, with a request for his dismissal, has been deemed sufficient grounds for dismissal without investigation.

RURAL MAIL DELIVERY

Mr. SPENCE (Parkdale):

What is the estimated loss to Canada in rural mail delivery?

Hon. Mr. LAPOINTE: It is not possible to accurately estimate the profit or loss to Canada on rural mail delivery. Rural mail delivery is a factor in the settlement of agricultural lands and is an attractive aid to immigration. Rural mail delivery indirectly produces a large part of the revenue of large city offices such as Toronto, Winnipeg, Regina. In addition, it provides service which would otherwise have to be provided through the medium of post offices and the ordinary mail service system. The cost is $2,750,000; but there are no means of computing requirements and estimating the cost of a substitute service.

GRAIN EXPORTS

Mr. DOUCET:

How many bushels of Canadian grain have been shipped through the port of Portland, Maine, during the years 1918, 1919, 1920, 1921, 1922, 1923, 1924 and 1925, respectively?

Hon. Mr. ROBB:

Calendar Years	Bushels
1918	20,755,240
1919	15,873,522
1920	9,967,333
1921	12,184,027
1922	19,718,465
1923	18.955,277
1924	6,888,652
1925	4,474,222

MR. E. J. SEXSMITH

Hon. Mr. EDWARDS (Frontenac Addington):

1. Has E. J. Sexsmith, ex-M.P., for Lennox and Addington, been recently appointed to a government position?

2. If so, what is the nature of the position, when was the appointment made and what is the salary?

3. Did the Civil Service Commission advertise for the above position?

4. If so, when and what are the names of those who applied?

5. Was E. J. Sexsmith appointed on his merits after competitive examination?

6. If not, on whose recommendation was he appointed?

Hon. Mr. STEWART (Edmonton):

1. Yes.

2. Field supervisor of Indian soldier settlers; appointed May 14, 1926; salary $1,800 per annum.

3, 4, 5 and 6. Appointments of this nature are not under the jurisdiction of the Civil Service Commission; this appointment was made under the provisions of the Soldier Settlement Act of 1919 as administered by the Superintendent General of Indian Affairs.

CARDSTON BLOOD INDIAN RESERVE

Mr. FRED DAVIS (East Calgary) moved:

For a copy of all letters, telegrams, correspondence and other documents exchanged between the department and any persons whomsoever, with regard to the suspension of Indian Agent Faunt of the Blood Indian reserve at Cardston. Also a copy of the report sent to the department by Inspector Christensen of Regina in this connection.

Hon. CHARLES STEWART (Minister of the Interior): Although this notice of motion has been standing for some days I have just learned that the Indian agent in question has not been suspended, and in fairness to him I think this motion should be changed. Our investigation is now complete and if that change is made I can supply the information.

Mr. MEIGHEN: It might read "suspension or otherwise."

Mr. STEWART (Edmonton): I do not think the word "suspension" should appear at all. Let the motion stand and I will have it amended to-morrow.

Motion stands.

UNOPPOSED MOTIONS FOR PAPERS

PROPOSED SUBWAY UNDER LACHINE CANAL

Mr. GUERIN:

For a copy of all correspondence, letters and telegrams between the Minister of Railways and Canals, the Minister of Public Works and the Minister of Marine and Fisheries or any officer of those departments and public bodies or private individuals of Montreal or other parts of Canada in connection with the construction of a subway under Lachine canal in St. Ann's division, city of Montreal.

SADDLE LAKE INDIAN RESERVE

Mr. BURY:

For a copy of all orders in council, regulations, directions, correspondence and all other documents passed between the government or any minister or department of the government and the Saddle Lake Indian Band, or the Soldier Settlement Board, or the Indian agent of the said reserve or any person or persons, or between the said Soldier Settlement Board or the said Indian agent and any person or persons relating to or in connection with the surrender or sale of any portion of the Saddle Lake reserve during the years 1925 and 1926, including the conditions of such sale and all reports made thereon and including also the names, addresses and occupations of,

(a) The applicants for purchase;

(b) The applicants who balloted for the right to purchase;

(c) The successful purchasers or allottees with the number of acres purchased by or alloted to each;

(d) The names and addresses of such of the said successful purchasers or allottees as were at the date of the said sale bona fide farmers, and the acreage then being actually farmed by each;

(e) The names and addresses of such of said last-mentioned persons as carried on any other profession or business in addition to farming, and the description of such additional occupation.

BURGLARY ST. JOHN GOVERNMENT OFFICE

Mr. MacLAREN:

For a copy of all correspondence, letters, telegrams, reports, memoranda, orders in council and other documents, relating to the burglary which took place in the Canadian government office, King street, St. John, New Brunswick, in the year 1917.

BOUNDARY WATERS TREATY

DIVERSION OF WATER FROM THE NIAGARA RIVER AND REMEDIAL WORKS

Hon. EDMUND BRISTOL (Toronto East Centre) moved:

Whereas, Article V of the Treaty between the United States of America and the King of the United Kingdom of Great Britain and Ireland and of the British dominions beyond the seas, proclaimed May 13, 1910 and relating to boundary waters between the United States of America and the Dominion of Canada, reads as follows:—

"The high contracting parties agree that it is expedient to limit the diversion of waters from the Niagara river so that the level of Lake Erie and the flow of the stream shall not be appreciably affected. It is the desire of both parties to accomplish this object with the least possible injury to investments which have already been made in the construction of power plants on the United States side of the river under grants of authority from the state of New York, and on the Canadian side of the river under licenses authorized by the Dominion of Canada and the province of Ontario.

So long as this treaty shall remain in force, no diversion of the waters of the Niagara river above the falls from the natural course and stream thereof shall be permitted except for the purposes and to the extent hereinafter provided.

The United States may authorize and permit the diversion within the state of New York of the waters of said river above the falls of Niagara, for power purposes, not exceeding in the aggregate a daily diversion at the rate of twenty thousand cubic feet of water per second.

The United Kingdom, by the Dominion of Canada, or the province of Ontario, may authorize and permit the diversion within the province of Ontario of the waters of said river above the falls of Niagara, for power purposes, not exceeding in the aggregate a daily diversion at the rate of thirty-six thousand cubic feet of water per second.

The prohibitions of this article shall not apply to the diversion of water for sanitary or domestic purposes, or for the service of canals for the purposes of navigation."

Whereas, official engineering reports of both governments show that about ninety-five per centum of the flow of the Niagara river passes over the Horseshoe falls, largely on the Canadian side of the International boundary line; that the erosion caused thereby is rapidly changing the contour of the Horseshoe falls and is threatening the ultimate destruction of its scenic beauty unless the flow over the falls is lessened and remedial works are constructed to spread the flow of the waters at the crest of the Horseshoe falls;

Whereas, the limited amount of the waters of Niagara river permitted by Article V of the Boundary Waters treaty to be diverted in both the United States of America and in the Dominion of Canada from Niagara river from above the falls of Niagara for power purposes, have already been wholly diverted and utilized in the generation of hydro-electric power, the demand for which is increasing in the province of Ontario more rapidly than the same can be generated and supplied to its customers by the Hydro-Electric Power Commission of Ontario, rendering necessary the early resort to steam generated electric power, unless Article V is promptly amended to provide for a greater diversion of the waters of Niagara river from above the falls of Niagara;

Whereas, the utilization of the waters of the Niagara river provide the most expeditious, efficient and economical source of electric energy in the Dominion of Canada, whereby to supply its municipalities, citizens and industries with cheap electricity which is one of the most important factors in the public, private, social, economic and industrial development of this Dominion;

Whereas, the diversion of the waters of the Niagara river from above the falls can safely be increased to a total of eighty thousand cubic feet per second without the installation of remedial works, and such increased diversion will tend to lessen the erosion and to prevent the anticipated "Suicide of Niagara", and so to preserve the scenic beauty of the cataracts and rapids, a still greater diversion with more favourable results being permissible provided the interested governments shall determine on the remedial works to spread the flow of the waters above the crest of the falls;

Whereas, the government of the United States of America has intimated its willingness to conduct negotiations with the United Kingdom through this Dominion of Canada further to protect and preserve the natural and scenic beauty of the falls and rapids of the Niagara, which can only be accomplished by amendment of Article V of the Boundary Waters treaty; and

Whereas this government recognizes and acknowledges the urgency of co-operative action with the government of the United States of America to the end that the splendor of the cataracts of Niagara may be protected and preserved and the imperative electric power needs of the Dominion may be supplied.

Now, be it resolved: that the parliament of Canada should instruct and authorize the Honourable, the Secretary of State for Foreign Affairs, to communicate to the proper officials of the government of the United States of America the willingness of this Dominion to discuss the advisability of amending article V of the Boundary Waters treaty, proclaimed May 13, 1910, with reference to an increase in the amount of water permitted to be diverted on each side of the international boundary from the Niagara river above the falls for power purposes and in reference to the joint construction of remedial works for the protection and preservation of the scenic beauty and splendour of the cataracts and rapids of Niagara.

He said: Mr. Speaker, this motion went on the order paper on January 8, of this year, and I discovered at that time that the government were giving the subject matter consideration; therefore the motion has stood

over till the present time. Now, with the approval of the Premier of Ontario I want to introduce it for the consideration of the House, as I think it is, without exception, one of the most important matters affecting the people of Canada and particularly the people of Ontario. The privy council have recently decided in a case affecting the province of Quebec and important matters bearing upon provincial rights, that it is clear that the province of Ontario and the state of New York jointly own the waters at Niagara falls. It is not, of course, a navigation question, it is purely a power question, with which is mixed up the scenic beauty of the falls, under a former treaty with the United States.

Now the water-powers of this country are day by day becoming of more vital importance than they were in the early stages of our history because of our knowledge of what can be done with electric energy. The great province of Quebec has probably the largest power interests in the world. On the St. Lawrence river, within fifty miles of Montreal, they have within their jurisdiction about 2,700,000 horse-power, and this and other water-power developments within that province are of great provincial and national importance. Sometimes I am sorry that the Dominion does not own those vast resources, which would go far to pay off the national debt.

As soon as you get beyond the boundaries of Quebec you have on the one side the province of Ontario and on the other the state of New York. It has I believe been decided legally that one-half of the water-power on the St. Lawrence belongs to the state of New York and the other half to the province of Ontario. At Niagara falls the same situation exists. The vital importance of this matter and its relation to section 5 of the treaty is self evident. Section 5 is not affected by any other section of the treaty, nor is it affected by any dispute which has arisen or might arise under the treaty generally. Section 5 merely deals with the property of citizens of the state of New York and of Ontario. Any amendment of that section under the laws of this country is under the jurisdiction of the Dominion of Canada, and of Great Britain as representing Canada in dealing with the government at Washington with respect to treaty matters. But I know the government of Canade are fair to the province of Ontario; that they are prepared to protect the interests of the province and are acting in concert therewith.

Now whatever disputes may arise under the act, if there are any, I want to call attention to the fact that section 5 is not one with which we should concern ourselves at the moment. The state of New York for over three years has been trying to get the government of the United States to take action. In order to show the position of that state, I should like to read a few extracts from a speech made by the Hon. S. Wallace Dempsey, Chairman of Rivers and Harbours committee, before the mayors of the cities of the state of New York at Buffalo, June 14, 1923. I think these extracts will be considered of great national importance because in my humble judgment they express a fair and proper view of this question and also of the friendly relationships that must and should exist between Canada, Great Britain and the United States. Mr. Dempsey said:

> The development of such water as can be diverted from the falls, at Niagara, without impairment of its natural grandeur, is one of the most important of the water-power development problems confronting the country. The question is not alone one of conserving the limited coal supply of the country, but it involves as well the transportation question, which is pressing for solution and becomes acute whenever we have prosperous times, with good crops and factories running full time.
>
> However, as has been said, the development of our water-power is one of the most important factors in the solution of the very serious transportation problem which now faces us and is bound, with the prosperity and growth of the country, to become more acute before it is solved.
>
> Two hundred and twenty-six thousand cubic feet per second come down the Niagara to the falls. Canada and the United States have agreed, by treaty, to divert 56,000 cubic feet per second for power purposes—36,000 on the Canadian side, and 20,000 in this State. The cataract is divided into two falls—the American, between the American shore and Goat Island, and the Horseshoe or Canadian falls, between the island and the Canadian shore. The visitors who view this world's wonder find that the American fall is 1,000 feet wide and has an ample flow of water over its entire width. He learns, on the other hand, that the Canadian or Horseshoe falls is about 3,000 feet wide and sees that a great portion of that width has a very shallow supply of water, being for broad widths, nearly bare; that the fall is horseshoe in shape, with almost the whole of the vast volume of water flowing over it at the centre of the horseshoe, and that this concentration of water, with its force and power, is rapidly wearing away and impairing the beauty of the falls. Yet the American falls carries only 10,000 cubic feet per second, while the Canadian falls has the enormous volume of 160,000 cubic feet per second. If the flow of water was spread on the Canadian falls, as it is on the American falls, over the entire width, to cover its 3,000 feet stretch, the Canadian falls would need only three times as much as the American falls, or 30,000 cubic feet per second, to give it ample water and conserve the entire beauty and grandeur of the falls, and corrective works can be placed on the river, at a reasonable cost, which will spread the flow of the water over the Canadian falls and make a flow over the entire 3,000 feet just as the 1,000 feet of the American falls is covered. Allowing 30,000 feet per second for the Canadian falls and 10,000 additional

to insure against any possibility of miscalculation, we could have, after deducting this 40,000 cubic feet, the 10,000 cubic feet which fall over the American falls and the 56,000 cubic feet now diverted for power purposes, 120,000 c.s.f. remaining, which can be diverted without any injury whatever to the falls.

This calculation was made three years ago, but the calculations recently made by American and Canadian engineers with a view of finding out what really can be done show 3,600,000 horse power available to the two countries.

Mr. MACLEAN (York): Under whose instruction was this report prepared?

Mr. BRISTOL: I understand it was prepared for the governments of the province of Ontario, the Dominion of Canada and the United States. I have not seen these reports personally but I am taking these statements, and those going into the matter will have to verify them. I am not an engineer, but the average given me by engineers is ten tons of coal to an electrical horse power, which means that instead of a saving of 24,000,000 tons of coal there would be a saving of 36,000,000 tons. I am told that coal is worth about $10 per ton, which means that about $360,000,000 is going to waste yearly. Taking it from another point of view, the 3,600,000 horse power belongs equally to the United States and Canada, and we are losing half that amount of money yearly or about $500,000 per day. Mr. Dempsey goes on to say:

> This water-power is an all year round power, the most dependable and the best water-power in the world. It can be developed and furnished at the lowest cost per horse-power. And, from this 120,000 cubic feet, we can develop practically four million additional horse-power, the equivalent of twenty-four million tons of coal—1/125 of all the coal mined in the United States.
>
> It has been shown that this power can be developed without lessening, but, on the contrary, heightening the grandeur and beauty of the falls. This power can be furnished the consumer at a much less rate than he can generate from coal. The average cost of power generated from coal is, at the present price of coal, $60 per horse-power, and water-power can be furnished from Niagara to the people of our state at half that price. The demand for power is growing rapidly and steadily, and it must be supplied either from coal or from water-jower. Should we not then bend every energy to see that a new treaty is enacted without delay, so that our people may be furnished with this cheap power; that the railroads may be relieved by this one development of carrying 1/125 of their present total tonnage; and the farmer and manufacturer be given the benefit of this carrying capacity to market the products which he has produced; that the demand upon our coal mines may be lessened to this very great extent and the likelihood of a coal shortage or famine be greatly lessened, and that we may, by reducing to this appreciable extent, the demand for coal increase, in some measure, the chances of reduction in the price of coal?

[Mr. Bristol.]

While this next extract is perhaps not relevant, I think it is a proper thing to read now. In his remarks Mr. Dempsey says:

> The question of the diversion of water for power, at Niagara, is only one of the many great questions now pending and which will constantly arise between the two countries. If the two countries are to prosper, if they are to have their legitimate growth and development, they must settle the questions that arise between them in an amicable, equitable, give and take way, each remembering that an unconscionable or unfair advantage obtained at one time is sure to be in the mind of her neighbour and may be retaliated many fold when a new question between them must be settled. . . . .
>
> The negotiations for a permanent treaty should be undertaken immediately. All that is necessary is the bringing to the attention of the Departments of Foreign Affairs of the two countries the situation as it exists and how easy and immediate the remedy can be. In doing this, the action of just such bodies as that which is in session here will be invaluable. To lessen our transportation problem, to help make our coal problem less acute, to lessen the cost of manufacturing—in consequence, the cost of the manufactured product to the consumer and the cost of living—and to make the state of New York and the province of Ontario even more desirable places in which to live than they are to-day. I urge that this association bring this matter of the increased diversion to the attention of the State department of the United States, leaving it to act as, with the relations and conditions between the two countries, shall be best and most likely to bring a quick and favourable termination of the negotiations.

I have a number of quotations which I do not intend to read, but I think this opinion, given by a distinguished minister of the United States government, might fairly be taken to explain the reasons why prompt action should be taken. I would like to give an extract now from an article written by Mr. Herbert Hoover, Secretary of Commerce of the United States, on Government and Power Development, appearing in the English Review at page 786 et seq:

> The real purpose of all this development will be not to make self-satisfying statistics or to provide means for insurance of new stocks and bonds. Its real purpose will be this: That through more power we shall make a still greater saving in labour, shall increase the product of labour, and shall lessen the burden upon labour. Thus we shall gain in higher standards of living, and in wider enjoyment and comfort to every fireside—a goal which should be the sole end and purpose of the economic effort of every nation.
>
> The new vista in progress which has been opened to us is due to the perfection in transmission of electric energy up to 200 or even 300 miles and to higher mechanical efficiency of our generators, with capacities reaching up to 70,000 horse power in a single machine. With these twin developments comes the opportunity to generate power in much larger and more economically located stations and to harness and bring to the centres of population water powers which were too remote for use even ten years ago. . . .
>
> When the energy can be supplied in the form of electricity and delivered over a wire, and when the supply is equally available in country and city, there

will no longer be occasion for the crowding we now deplore. . . .

The indirect results, both human and material, are more important than the preceding statements would imply; for no account has been taken of the vast losses to industry and to commerce by the actual interruption and threatened interruption of fuel supplies to our several hundred thousand independent steam units, no account of the relief to shippers from already overburdened transportation and terminal facilities, no account of the increased production of factories from cheaper power, no account of the reduction in physical labour, and the increase in comfort.

To secure the rapid adoption of these demonstratedly possible results is of profound public importance.

The last extract I will read is a short statement from the report of the New York State Power Commission to the legislature of the state of New York, which body approved of the report, made in 1924:

A revision of the treaty on boundary waters for the purpose of securing an increase in the amount of water that may be diverted from the Niagara river for power purposes, is urged by the commission, inasmuch as it is provided in any plan for increasing the amount of diversion to safeguard the scenic beauty of the falls.

The full amount of water permitted to be diverted from the Niagara river on the American side has been utilized since July, 1922. At the present time, a large addition to the steam plant of the Buffalo General Electric Company is being made for supplying the increased demand for current in western New York. Current generated at the falls is sold at prices below the prices for current produced by steam.

The development of energy from an increased diversion will make available down the years a large amount of power which may be furnished at a cheaper rate than steam produced power.

In 1910, when this treaty was made, there was very little known about power production. The Niagara Falls Power Company, which was in existence then, had 100,000 horse power, and only used 100 feet of fall. To-day the Hydro-Electric Power Company have a fall of 315 feet, and whereas the old company develops only 10 horse power to the foot, the Hydro-Electric Company develops 35 horse power to the foot fall, so it can readily be seen what a vast change has taken place. The United States has passed legislation that no longer could a company proceed to get power for any length of time if they only took the 100 foot drop. They have to get all the power out of the water available at the falls, and the only company to do that to-day is the Hydro-Electric Power Company. They have not enough power. It is quite current in our papers that Canada has 36,000 second-feet, and the United States only 20,000 second-feet. When that treaty was made, the United States had two power companies in Canada shipping power into the United States, and that power came out of that 36,000 second-feet belonging to Canada. So that ever since the treaty was made the United States has been getting more power from Niagara Falls than Canada. That, of course, was a matter of arrangement. We used only about 3,000 horse power when the treaty was passed.

Mr. CHAPLIN (Lincoln): That is not the case now.

Mr. BRISTOL: I hope the hon. gentleman will speak after me, because he is familiar with this question, but with all respect to my hon. friend, on information from the head of the Hydro-Electric Company, the United States are still getting more power from the falls to-day than is Canada. I think the proportion is about 29,000 for Canada and 31,000 for the United States. That was my information a few days ago.

So far as this Niagara Falls question is concerned, it is not a new one. Sir Adam Beck, when he built that famous hydro plant of his—and it is the best in the world—bought enough land on one side of where the water comes from, that is from Chippawa down to Queenston, to build another plant just as big, and that right of way has been in existence now for four years. I am told that he was trying during his lifetime to get some agreement made through the government of Canada with the United States so that he could get more power at the falls, but whatever the reason of the refusal may have been, it looks now as if the two countries were getting together on this matter, which is of the greatest importance both to the state of New York and the province of Ontario.

Mr. MACLEAN (York): What about the Chicago diversion?

Mr. BRISTOL: What about it?

Mr. MACLEAN (York): Are we getting together on that?

Mr. BRISTOL: The state of New York, and twenty-one states altogether, are behind the American government in the legal battle with Chicago. There are ten states down south that are fighting with Chicago. The case is now before the Supreme Court of the United States, and it is for that court to decide, but why the province of Ontario and the state of New York should not have their own power properly developed is something I cannot understand; I cannot see the logic of it. The state of New York is fighting our battle. They need power just the same as we do, and the state of New York will be entitled to one-half of whatever we get. I think the province of Ontario should get what belongs

to it, and the state of New York should get what belongs to it.

I have perhaps spoken too long on this matter. I have a feeling that if the engineering statements are correct—and I believe that the best engineers we can secure and the best engineers the United States can secure are right—it is obviously a national crime to both countries for the present state of affairs to continue. The people of this generation in the state of New York and in the province of Ontario, and perhaps elsewhere in Canada and the United States, should have the use of this 3,600,000 horse power a year, or, if you like to put it that way, of this 36,000,000 tons of coal. This power can be produced probably cheaper than any other power that now remains in the world, except, perhaps, the power on the St. Lawrence. Taking the cost of the coal at $10 a ton, it means that we are throwing away $360,000,000 a year through not using this power, or about $1,000,000 a day. That does seem foolish, or crazy, if you want to put it that way, because this is power to which every man and woman in Ontario and Quebec and every man and woman in the state of New York are entitled to have the benefit of. This power belongs to the state of New York and to the province of Ontario, and its development will cheapen production in the state of New York and in this province for every man and every woman in that territory. In the words of Mr. Hoover, it would be a national crime if we did not as soon as possible see what changes can be made. The engineers have admitted that the scenic beauty of the falls can be preserved for all time. It will not longer be committing suicide, as Mr. Hoover describes it, to use this power. The front portion of the Horseshoe falls will have to be raised up with asphalt and other material, so that you will have the same level on our side of the falls as on the American side. To retain the scenic beauty of the falls—and it is disappearing at the rate of eight feet a year—you have to raise the level of the water of the Horseshoe falls and if you do not use that water so raised for power purposes you would flood the state of New York and the province of Ontario.

Mr. CHAPLIN (Lincoln): Five feet a year.

Mr. BRISTOL: I saw it put at eight feet. I sincerely hope that the province of Ontario and the state of New York will get that power for the benefit of their people at an early date.

[Mr. Bristol.]

Mr. J. D. CHAPLIN (Lincoln): This question, Mr. Speaker, is one that is interesting, I take it, to the whole country. It certainly is of interest to us who live close to the falls. The first thing it strikes me that we have got to do is to preserve the scenic beauty of the falls. What effect will it have upon the falls to make the diversion of water to the extent that the hon. member who has just spoken (Mr. Bristol) has mentioned? That is not exactly known, but I can say to the House this much: The Parks commission, who have in their keeping the water of Niagara Falls, have been in close touch with this matter for thirty-five years, and I can say this also to the House, that the amount of breaking back of the falls amounts to five feet every year. That takes place at the peak of the Horseshoe falls, and it can be prevented. Not only that, but the scenic beauty of the falls can be preserved and a lot of water diverted to commercial purposes provided we go about the matter in the right way.

Now as to the method to be adopted for the preservation of the falls and the utilization of the water at the same time, I can say this much further: Anybody who has been there will know that the volume of water is in the centre of the Horseshoe falls. All that needs to be done to spread the flow of water over the whole area of the brink of the falls is to provide remedial works of a very inexpensive nature that will stop, or tend to stop to a great extent, the erosion at the centre of the Horseshoe falls. I do not know whose duty it is to carry out that work, but it is a very important matter. If it be true that you can prevent further erosion and at the same time preserve the scenic beauty and then utilize the remainder of the water for commercial purposes, see what an immense asset you have. For the information of the House I can say that the 10,000 cubic second feet that is being diverted by Chicago would be equal if utilized at Chippawa to 330,000 horse power. That is what Chicago is stealing from us to-day. I ask hon. gentlemen to pause and consider what that means. Now if an additional 10,000 cubic second feet will provide 330,000 or 350,000 horse power at Chippawa on a fall of 315 feet, then twelve times that amount will yield three and a half million horse power such as my hon. friend (Mr. Bristol) has spoken of. One of the members from Toronto asked how the calculation was made. The calculation is correct; the engineers of the Park commission have compiled the data.

To illustrate further what the Chicago diversion means, all you have got to do is to

visualize a stream of water three times the width of this chamber with a depth of ten feet. That will enable you to realize what Chicago is stealing from this country. In the face of that is it any wonder that lake Erie, lake Huron, and the other lakes, are being emptied of water? Something must be done in this matter without further delay. I have been a member of this House for a number of years and whether we are getting anywhere on this question I cannot say; but I realize that nothing effective is coming from any protest we are making: Chicago keeps on taking the water, and the level of the lakes continues to fall. We have noticed that the water of lake Erie, for example, is going down at the rate of six inches a year. I happen to belong to a shooting club that had shooting and fishing rights at Port Rowan on lake Erie, and during the last three years the water on the marshes there has receded 32 inches. Just imagine a situation of that kind. I only mention it to illustrate what happened on these lakes. It will not be long before this government will have to spend thousands upon thousands of dollars in order to keep the inland harbours of this country open.

Mr. ROSS (Kingston): We are spending large sums now.

Mr. CHAPLIN (Lincoln): Yes, and if this situation continues we shall have to spend a great deal more. It seems to me that a concerted effort should be made by the Dominion and the provinces, especially the province of Ontario, to bring about remedial measures. The federal government and the provincial authorities should co-operate in an endeavour to prevent a further continuance of what is happening on these lakes.

Hon. CHARLES STEWART (Minister of the Interior): I have no complaint to make about any of the statements made by the hon. member for Toronto East Centre (Mr. Bristol) or the hon. member for Lincoln (Mr. Chaplin). The matter of developing increased power at Niagara is receiving our very active consideration. I was delegated by this government to go to Washington a short time ago and discuss the matter with the Secretary of State, and may I say that all our negotiations with respect to this and other international matters are carried on directly with the Washington authorities. While there I discovered that there is a wish there to discuss the whole problem.

The hon. member for Lincoln has spoken of the lowering of the lake levels. The hon. member for Toronto East Centre has discussed not only the lowering of the lakes but also the Chicago diversion. While the latter question incidentally plays some part in the matter it ought not to be a factor in delaying the completion of an understanding about the power development at Niagara. That is a point I wish to make, and it is one I urged very strongly at Washington. I pointed out that this question was vital to the province of Ontario for the reason that the Chippawa power plant is advantageously located for the distribution of power throughout central and southwestern Ontario, and the development of increased power there would be beneficial to the power users of the province. Furthermore a great deal of money has been spent in developing the Chippawa plant, and they are getting the highest efficiency out of the use of the water there, perhaps higher than anywhere else in the world. For that reason we want the full concurrence and assistance of the Ontario government in whatever steps we take. I may say that we have kept them very thoroughly informed as to every move we are making in connection with this matter.

On going to Washington I found that the American authorities were particularly concerned about the preservation of the scenic beauty of the falls, taking the ground that that must be the first consideration—with which we agreed—and that before there was talk of diversion that problem must be taken up and satisfactorily settled. Needless to say, that will be solved by the better distribution of the flow of water across the face of the falls, which will prevent what the hon. member for Lincoln (Mr. Chaplin) has just pointed out, the rapid rate of erosion, without endangering the scenic beauty, and will permit a further utilization of the flow of water in addition to that already in use. But that is a question that will be settled by the investigation which is about to take place.

May I say for the information of the House that we have named Mr. Biggar, the Chief Electoral Officer, to go to Washington, meet representatives of the government there and discuss in detail the investigation that must take place—first as to the preservation of the scenic properties of the falls, and secondly as to what further amounts of water can be diverted.

Mr. MACLEAN (York): Will Ontario be represented through the Dominion government?

Mr. STEWART (Edmonton): Yes.

Mr. MACLEAN (York): What we want to hear now is what Ontario's attitude is in this matter. Is the hon. member for Toronto East Centre speaking for Ontario or not?

Mr. STEWART (Edmonton): The province of Ontario is quite in agreement with us in the matter, and all we are waiting for at the moment is an answer from the American government as to whom they propose to name to meet our representatives. Then we shall get busy at once on this very important question.

I think it is unnecessary for me at this stage to enter upon any discussion of the question of the Chicago diversion or the lowering of the lake levels. That is a matter which perhaps can be discussed at a later date. I think on a former occasion I stated that when the report of the joint engineering board came in we might very properly discuss the problem of the lowering of the lake levels. I quite agree with the hon. member for Lincoln that the diversion at Chicago plays an important part in the reduction of our lake levels, but I wish to say, in fairness to all parties concerned, that there is a very considerable lowering of the levels in lake Superior not affected by the diversion in Chicago at all. So that irrespective of the diversion at Chicago we are coming to a period of drought that is having an effect on the lake levels.

Mr. MANION: Lake Superior has come up considerably in the last year.

Mr. STEWART (Edmonton): The record over a considerable period of years shows that at times the levels are lower owing to climatic conditions. But it is the intention of the two governments to make a thorough study of all matters pertaining to the lake levels, and to make recommendations that may be effective in preventing the lakes from again going to the extremely low level they may touch this year.

Mr. MANION: Is it not all the worse if, having regard to their present low level, they take advantage of that diversion to lower them still more?

Mr. CHAPLIN (Lincoln): I do not want to raise a question as to the qualifications of the gentlemen who have been named by the minister—

Sir HENRY DRAYTON: Only one name.

Mr. CHAPLIN (Lincoln): —but I should like to ask the minister if there should not be somebody with him to advise him? Is the minister going to make an arrangement of that kind?

[Mr. C. A. Stewart.]

Mr. STEWART (Edmonton): Mr. Biggar is only the legal adviser.

Sir HENRY DRAYTON: Who are the others?

Mr. STEWART (Edmonton): Mr. Johnston, our water-power engineer, who succeeded the late Mr. Stewart, and Mr. Camsell, our geologist. They will be the two men who will appear for Canada.

Sir HENRY DRAYTON: I suppose that this matter will not be tied up with the development of the St. Lawrence and thus delay it?

Mr. STEWART (Edmonton): No.

Sir HENRY DRAYTON: I think the government should make it perfectly clear that we will not be tied up by associating the troubles of the lower St. Lawrence with the necessities of Niagara, and that the personnel will not be too much mixed up.

Mr. STEWART (Edmonton): That is what I was trying to convey to the House, namely, that what I endeavoured to secure at Washington was action on the Niagara situation, quite apart from the St. Lawrence or the lake levels or Chicago, having in mind the interests of Ontario. That is what we are doing at the moment. We are not asking the United States government to consider any other question—simply the preservation of the scenic properties of the falls, and further diversion for power purposes.

Mr. CHAPLIN (Lincoln): What board is Mr. Johnston on?

Mr. STEWART (Edmonton): Mr. Johnston succeeded the late Mr. Stewart on the Niagara power board, which has been in existence for a couple of years. Representatives of both governments have been on it.

Mr. BRISTOL: They go there and report to you and do not conclude any matters at all?

Mr. STEWART (Edmonton): No.

Mr. BRISTOL: It is only fair perhaps to consider that the state of New York, whose case I was presenting with that of the province of Ontario, is suffering just as much as we are.

Mr. MACLEAN (South York): For whom is the hon. member for Toronto East Centre speaking?

Mr. BRISTOL: I told my hon. friend that I was speaking with the authority of the Premier of Ontario and nobody else.

Mr. MACLEAN (York): I would like to have some assurance of that.

Mr. BRISTOL: You can get it from the Premier of Ontario.

Mr. MACLEAN (York): I think the question is brought forward by some of the super-power interests which are becoming permanent interests. While the hon. member says we are going to make cheap power for poor people, is he not making cheap power for profiteers?

Mr. STEWART (Edmonton): If my hon. friend wants to make a speech, I would remind him that I have not concluded.

Mr. MACLEAN (York): Go ahead.

Mr. STEWART (Edmonton): Having in mind that we are doing practically everything that my hon. friend desires us to do, and that we are particularly engaged at the moment on this very question, I would appreciate it if my hon. friend would withdraw his resolution.

Mr. BRISTOL: I am perfectly willing to withdraw it.

Mr. GEARY: When the minister says he is engaged on the same matter as is the subject of this resolution, does he mean there are instructions going forward from our government to the Imperial government to rearrange section 5 of the treaty?

Mr. STEWART (Edmonton): No, I thought I made that clear. We are dealing directly with the United States government, but with respect to the treaty we must first arrive at a basis upon which an amendment to the treaty may be made.

Mr. GEARY: The whole matter is fraught with great difficulty. There are combinations affecting it on every side. There are threats that we may in some way suffer through some approval of the Chicago diversion, or that our large enterprises on the St. Lawrence may be delayed in some way. I expect these are matters that are present to the mind of those who are negotiating, but until we get further information I fail to see that it would be wise for this House to tie itself to any course of action.

Right Hon. W. L. MACKENZIE KING (Prime Minister): In view of the remarks made by my hon. friend, it might be of interest to the House to know that recently when we had a visit from His Excellency the British Ambassador at Washington to our capital the government took advantage of the presence of His Excellency to discuss with him very fully the whole question of the diversion of power at Chicago and other matters relating to water levels on the Great Lakes, and also the question of the scenic beauty of Niagara Falls, and to ask His Excellency whether in his opinion everything was being done that it was possible to have done at Washington from the point of view of both the interests of Canada and any interests of the British Empire in a large way that might be involved. The opinion given by Sir Esme Howard was that everything that could possibly be done was being done in the right way, both as respects the representations by Canada to the United States, and as to the British government being kept fully informed of all negotiations. I mention that because two or three times there has been a question in this House which rather implied that, in the view of some hon. members, negotiations should be conducted through the foreign office in Great Britain. The British Ambassador was quite emphatic in his view that the procedure had been regular in every particular both as regards our relations with the United States and any relations the foreign office might wish to have considered in the matter. As regards some of the matters we are discussing here to-day, the British Ambassador felt that being the subject of negotiation it was just as well that too much be not said publicly at the present time. Hon. members have, I believe, had that aspect of the situation in view this afternoon.

Mr. MACLEAN (York): If Canada is to make a declaration in regard to this matter it should be made by the government of the Dominion, associated with Ontario if the province cares to join. But I do not want any declaration made in the way it has been made here, without the responsibility of the government going with it. A private member makes a proposal, and I again ask who are the super-power people who are ready to menace our supply hereafter? I do not know who they are, but it has not been stated here to-day for whom the hon. member for Toronto East Centre (Mr. Bristol) speaks.

Mr. BRISTOL: Yes, I told the hon. member.

Mr. MACLEAN (York): He does not make out a clear case.

Mr. BRISTOL: Why do you not telephone the Premier of Ontario, instead of talking nonsense? I did it under the instruction of the Premier of the province of Ontario.

Mr. MACLEAN (York): The document has not been produced.

Mr. BRISTOL: I do not have to produce it. The Premier telephoned the leader of the House to the same effect and later told me to go on with the motion.

Mr. MACLEAN (York): That is what I want to get at.

Mr. BRISTOL: When did the hon. member become leader?

Mr. MACLEAN (York): I do not pretend to be, but I am a citizen of Toronto, of Canada.

Mr. BRISTOL: What harm is this doing to Canada?

Mr. MACLEAN (York): My position is this: I am perfectly satisfied with the statement made by the government to-day that they are taking up the matter; that it will be worked out, and that the rights of Ontario and Canada will be protected. The two nations are vitally interested in the levels of our lakes and the flow of water in our rivers. This is our greatest asset and I do not like to see a motion come up in a round-about way like this. I should prefer that a debate take place in the Ontario legislature in regard to it and to hear from the new chairman of the Hydro-Electric Commission and all these other commissions. The government should see that no declaration is made by this House, but for the time being the matter should be left in the hands of the two governments so that they may work out a progressive and national policy which will preserve these waters, the beauties of the Niagara falls, and if possible deepen our harbours and increase the depth of the upper lakes.

Mr. A. E. ROSS (Kingston City): Mr. Speaker, before the motion is withdrawn I should like to direct the minister's attention to some criticism that I have passed in earlier discussions in this connection. My criticism has always been that there has been a lack of co-operation of Canadian interests in this whole matter; that for a long time both the federal government and the provincial government took no action whatever as to the scenic effect of the Niagara falls, as to the condition along our shores and so on. But one body which took some interest during the past number of years was the shipping interests although the minister some time ago did not seem to think their interests were common with those of the federal government. I strongly opposed that because this is a very important matter to Canada and every force should be impelled along one channel. This government should be united with the shipping interests of Canada and it should not be possible to say in this House that a committee had met in Detroit and another committee had gone to Washington whose objects and works the government knew nothing about. Consequently, if this government cannot do anything else they can unite every interest, shipping, provincial and federal, and get busy on this question because it is a very important one.

Mr. G. R. GEARY (South Toronto): Mr. Speaker, am I to understand from the Prime Minister that such negotiations as go on at the present time will not result in any definite action until this House has some opportunity of discussing the matter?

Mr. MACKENZIE KING: I rather hope that some definite action will come before there is occasion to discuss it further. There is a reference to a joint committee dealing with the question of the scenic beauty of the falls and it is to be hoped that they will arrive at conclusions fairly summarily. I think I can assure my hon. friend that no treaty will be consummated between this country and the United States without the House having an opportunity of approving it in the first instance.

Sir HENRY DRAYTON: It could not be consummated otherwise.

Mr. GEARY: I was going to point out in connection with that that the Ontario Hydro-Electric Power Commission had within the last two weeks entered into a contract with power interests on the Gatineau river for the purchase of power at a rather high price, owing to a threatened shortage in its supplies which are mainly derived from the Niagara Falls. The longer we are delayed in going ahead with the St. Lawrence development the more pressing is the need for Ontario to get a power supply. The logical places for the power to come from are the Niagara and St. Lawrence rivers. I understand we are not to have a report as to the St. Lawrence development until some time during the present month, and I had hoped that this report would be ready before the House prorogues. I trust the Prime Minister and the Minister of the Interior will keep this matter very well to the fore because we are suffering in Ontario from a lack of electric power. Our people have become users of electrical power in a big way and they should not be handicapped or delayed any further than is absolutely necessary.

Sir HENRY DRAYTON (West York): Mr. Speaker, there is not or, if there is, there ought not to be very much difference of opinion as to the present situation. It is a

situation which ought to be considered entirely apart from the Chicago trouble because if it is going to take as long to settle it as it has taken to get anything done in connection with the Chicago trouble, Ontario will have to look elsewhere for electric power. But apart from that altogether it is something which ought not to be tied up with the Chicago trouble unless we come to the conclusion that the abstraction of water from lake Michigan by Chicago is such a marked departure from ordinary treaty rights that it is dangerous to have any further treaty obligations with that country. We should hesitate a long time before we come to any such opinion. Of course I have not heard our rights under the treaty in regard to the Chicago matter challenged upon any ground in law. It may be that there are difficulties that the government have told us nothing about.

Mr. STEWART (Edmonton): That is quite correct.

Sir HENRY DRAYTON: Then we are in this unhappy position, that a great country has found itself unable to live up to its treaty obligations owning to the attitude taken by certain of its people. While that is a most regrettable situation, it is no reason why we should not attempt to accommodate the not only apparent but real interests of both these great countries where we can and that is at Niagara. The Niagara point of power development is the one that should first be exhausted; it lends itself more easily and readily to a power development than do any of the other sites. I think the minister will agree with me in connection with that. The drop is immediate; the characteristics of the waters and of the lakes are extremely well known, and if, as apparently the engineers think, it be the fact that the falls on the one hand can remain and at the same time bring to Canada the electrical energy which it sadly requires at the present time particularly in Ontario, we ought beyond all question to go ahead with the development. My suggestion to the government—and I think I carry with me the judgment of the responsible minister—is that this question of greater power development at Niagara should be considered entirely apart from the lower St. Lawrence, Chicago or anything else. The one thing we ought to do is to attempt to get immediate action.

5 p.m.

I am going to make another suggestion. If we want to get immediate action our representatives should be people who know the subject and who do not have to be instructed in it. The minister is acting in connection and in co-operation with the province of Ontario which of course is entirely committed to this project. The power commission has bought a lot of land there which will be absolutely valueless unless it can be used for further development, but so sure were they that the sensible thing would be done that they went on and purchased riparian rights and the like, and as soon as an arrangement is made between the Dominion and the United States they are ready to proceed with the work. My suggestion there would be that instead of referring this question to gentlemen who, I think I am within the mark in saying, have been working some two or three years in connection with the lower St. Lawrence and from whom as yet we have got no action, the government should call to its aid—it need not accept their advice, but, it can get from them the facts—those who have, not for months but for years, been studying this question. You have engineers at the falls who have been studying the flow for years, who have been collecting data and keeping themselves in touch with what can be done. The Ontario officials are there. Why cannot they be used?

Mr. STEWART (Edmonton): They are being used.

Sir HENRY DRAYTON: Then I did not get the names aright. I heard the names of Mr. Biggar, Mr. Camsell—

Mr. STEWART (Edmonton): Mr. Johnston is the engineer who succeeded Mr. Challies, who in turn succeeded Mr. Stewart.

Sir HENRY DRAYTON: But I am speaking not of the gentlemen who have been engaged on the lower St. Lawrence for years. They have been specializing on that part of the waterway.

Mr. STEWART (Edmonton): There are none of them on it.

Sir HENRY DRAYTON: I am speaking of the local provincial engineers who have been at work on this thing for years.

Mr. STEWART (Edmonton): You mean the Ontario government engineers?

Sir HENRY DRAYTON: Yes.

Mr. STEWART (Edmonton): They are in collaboration with Mr. Johnston—Mr. Acres and other local Hydro men.

Mr. CHAPLIN (Lincoln): They are Hydro men.

Sir HENRY DRAYTON: I thought the park commissioner's engineers were looking after the scenic side of the case.

Mr. STEWART (Edmonton): Our dealings have been with the Hydro Commission and with the Ontario government directly.

Mr. CHAPLIN (Lincoln): The park commissioners have charge of all power matters on the Niagara river.

Sir HENRY DRAYTON: The engineers of the park commissioners, I entirely agree—

Mr. STEWART (Edmonton): May I say for the information of my hon. friend that we are working in perfect co-operation with all those interests, and we are not making any move without their knowledge, so that our whole case may be harmonized in every way.

Sir HENRY DRAYTON: But I should like to see some action, and I should like to see somebody on this committee that is really vitally interested in seeing that something is done.

Mr. STEWART (Edmonton): Does not my hon. friend think that the Hydro are intensely interested?

Sir HENRY DRAYTON: I do not understand that their engineers are on the committee.

Mr. STEWART (Edmonton): No, but they are acting with the members of the board.

Sir HENRY DRAYTON: Without any authority.

Mr. STEWART (Edmonton): We cannot have an international board of a dozen members. But I want to assure my hon. friend that no move is being made without the full knowledge of the Ontario government and the Hydro Commission.

Sir HENRY DRAYTON: I understand that from my hon. friend. I have just been handed the debate in 1925 in connection with the St. Lawrence question, and I find the gentlemen whose names I understood my hon. friend is referring to—

Mr. STEWART (Edmonton): I only referred to them for the purpose of making it very clear that they were not in any way employed on this particular problem.

Sir HENRY DRAYTON: I thought my hon. friend gave me three names of those who are employed on the problem—Colonel Biggar, Mr. Johnston—and I forget the third one.

[Mr. Chaplin.]

Mr. STEWART (Edmonton): Mr. Camsell.

Sir HENRY DRAYTON: Let us see if they are not on the other committee.

Mr. STEWART (Edmonton): I thought my hon. friend had reference to Mr. McLachlan, and other engineers. If he means they have some connection with the other board in a technical way, I answer yes.

Sir HENRY DRAYTON: Not in a technical way; apparently they were an interdepartmental committee.

Mr. STEWART (Edmonton): Yes.

Sir HENRY DRAYTON: There is a lot said about co-ordination. It does not seem to have got anywhere. I suppose it has reached the length of framing instructions. Perhaps something has been done of which we know nothing. The impression in the country, I may tell my hon. friend, is that everything done in connection with the lower St. Lawrence is a pure stall, that committee after committee were appointed, not for the purpose of action but to show that the government were giving something to somebody to do which was not going to be done. I notice these names are on that committee; take, for example, Colonel Biggar and Mr. Challies, alternate Mr. Johnston. My suggestion to my hon. friend is that we should try and get some action here. I do not know whom the government have engaged, but I do not know why they should not, for example, accept somebody from the park commissioners or from the Hydro, and put it up to them to get action and report. As it is to-day, it is said, Mr. Speaker—

Mr. STEWART (Edmonton): Mr. Speaker, I am quite willing to listen to criticism that is warranted, but in this case I think what my hon. friend says is unwarranted. The late Mr. Stewart, the hydrographer in the Marine and Fisheries department, perhaps the best informed man in Canada in his day on international waterway questions, was a member of this international board in connection with the Niagara river, and he was succeeded by Mr. Challies, who in turn, was succeeded by Mr. Johnston. Mr. Johnston's connection with the St. Lawrence committee is only as an adviser. He had nothing to do with the St. Lawrence, but he sat in on the definition of the questions to be referred to the joint engineering board. But this is why I take exception to my hon. friend's remarks. There has been a special study going on by the engineering board at Niagara for a number

of years with respect to the preservation of the scenic features and of getting more power. I do not want to make a second speech, but may I say that we have been pressing this question, and I do not want my hon. friend to confuse it with the lower St. Lawrence, with the Chicago and with the Great Lakes. We have, in full concurrence with the Ontario government and the Hydro Commission, been pressing this question on the attention of the American authorities, and that is why I do not want to be dragged into a discussion of other questions.

Sir HENRY DRAYTON: I had not quite finished. The minister's second or third speech, I do not know exactly which, came in before I could finish. I certainly want the minister to have every possible opportunity of talking as often as he likes upon the subject because I want to know what the government's attitude really is. My hon. friend is wrong in his last remarks. I completely dissociated Chicago and the lower St. Lawrence in dealing with this question. I may not have made that sufficiently clear to him, but I thought I had. The more completely to cut one from the other, I was also suggesting that the men who have to do with these other questions perhaps had better not have anything to do with this one, so that we would have a clean issue here. Now my hon. friend says he wants action. So do we all. He is quite right in saying, I suppose, that simply because the government cannot do anything with their committees on the lower St. Lawrence is no reason why they cannot do something here.

Mr. STEWART (Edmonton): I do object to my hon. friend putting words in my mouth; I never made any such statement.

Sir HENRY DRAYTON: I never suggested he said that. I am merely taking the natural deduction from his remarks, and my hon. friend knows it. If he does not know it the people know it.

Mr. STEWART (Edmonton): Mr. Speaker, I do object to the hon. gentleman making any such suggestion or deduction, because it was not intended.

Sir HENRY DRAYTON: I do not know why my hon. friend is on his feet now; I do not think this would be a point of order or a question of privilege. I was simply referring to some general public beliefs as to the condition of business on the lower St. Lawrence. But I am going to take my hon. friend at his own valuation. He says that the first thing to be considered is the question of the scenic properities of the falls, and I suggest that he will find a body of men on the Canadian parks side and another body of men on the American parks side who have been considering this very question of scienic beauty for many years. I suggest that the quickest way of getting action—and I am again taking him at his own valuation when he says he wants action—would be to get in touch with these people who know.

Mr. STEWART (Edmonton): Surely my hon. friend would not expect me to go past the government of the province of Ontario, and I am certain that the government of the United States would not go beyond that of the state of New York.

Sir HENRY DRAYTON: My hon. friend is wrong as usual. I did not ask him to go past the government of Ontario; I asked him to go to the appointees of that government who have had to deal with this question for some years.

Mr. STEWART (Edmonton): Surely my hon. friend knows that the provincial government will consult with their own officials.

Sir HENRY DRAYTON: I am not talking about matters of consultation; I am talking about matters of action. The government may do as they wish with my suggestion, but I would suggest that we will get action more quickly if the men who have had to do with these very matters are in a position to make recommendations themselves.

Mr. SPEAKER: Shall the hon. member have leave to withdraw the resolution.

Mr. MACKENZIE KING: Before this is withdrawn, if my hon. friend will let me regard his remarks as a question, I will give a partial answer and in that way avoid speaking twice.

Sir HENRY DRAYTON: But you are speaking twice. I do not mind, however.

Mr. MACKENZIE KING: I think it desirable to have of record the different bodies investigating this matter. I happen to have a statement in my hand which, if given earlier, would have perhaps prevented the misunderstanding. The statement is to the following effect:

In August, 1923, a joint Niagara control board was established for the purpose of measuring and supervising the diversion of water from the Niagara river. As the result of new installations on both sides of the Niagara river, the hydro-electric companies possessed a capacity, measured in second feet, con-

siderably in excess of the diversion permitted by the treaty of 1910, and it was therefore considered desirable to check the diversion by methods of measurement uniform in both countries.

Major P. S. Reinecke was appointed to represent the United States, and W. J. Stewart, and after his death J. T. Johnston, to represent Canada on the Board.

The report of the board, officially published on September 19, 1925, after referring to the methods of measuring diversion at hourly intervals, and the system of weekly inspections, and noting that on both sides the older and less efficient plants were being partially closed, stated that on neither side of the boundary had the diversion at any time exceeded in the aggregate the daily diversion allowed by the treaty. The board is continuing its records and inspection.

In the meantime a Canadian Niagara research committee, in which the Department of the Interior is co-operating with the Hydro-Electric Power Commission of Ontario, has been preparing data. The United States War Department has been collecting data and publishing some reports for a much longer period.

In November, a despatch was received from Washington enclosing a suggestion from the Secretary of State that joint inquiry should be made into the serious erosion of the escarpment of Niagara falls, with a view to preserving the scenic value of the falls from further injury. It was added that such discussions and recommendations should be confined to scenic questions.

Sir HENRY DRAYTON: What is the date of the last appointment?

Mr. MACKENZIE KING: Last November, I think.

Sir HENRY DRAYTON: And who were the personnel then?

Mr. MACKENZIE KING: Mr. Johnston, who has been on this Niagara control board from its inception, and who is perhaps more familiar with the conditions than is anyone else, and associated with him now is Mr. Camsell, Deputy Minister of Mines.

Sir HENRY DRAYTON: On the November investigation?

Mr. MACKENZIE KING: Yes. In fact that matter has proceeded to the point where we are now awaiting some further communication from the United States government before what we hope will be the final adjustment is arrived at.

Sir HENRY DRAYTON: I thought the trouble was that the United States had not appointed anyone as yet.

Mr. MACKENZIE KING: We are now awaiting a communication advising us of their personnel.

Motion withdrawn.

[Mr. Mackenzie King.]

CATTLE INDUSTRY

MOTION FOR SPECIAL COMMITTEE

Mr. G. G. COOTE (Macleod) moved:

That, in the opinion of this House, a special committee should be appointed to examine into the whole situation of the cattle industry with power to recommend any measures that in their opinion might conduce to the benefit and further development of the industry.

He said: The cattle industry, Mr. Speaker, is one of our principal industries, first in its relation to the greatest of all industries, that of agriculture; in regard to the capital invested; the value of its production, and as to the number of persons employed. I notice that in the Year Book for 1924 in the list of principal industries of Canada that of slaughtering and meat packing is second in 1921 and third in 1922 so far as value of production is concerned. This industry, of course, is almost totally dependent upon the cattle produced in Canada. I notice also that in regard to the amount of capital invested the cattle industry stands third or fourth in the list. I might just give a few figures regarding the capital invested in certain leading industries, in order to give a comparison. These figures are to the nearest million:

Pulp and paper	$381,000,000
Lath and shingle mills	162,000,000
Automobiles	47,000,000
Boots, shoes and leather goods	29,000,000
Foundries and machine shop products	55,000,000
Leather tanneries	32,000,000
Agricultural implements	92,000,000
Woollen goods	20,000,000

I have mentioned these other industries, in order that hon. gentlemen might be impressed with the importance of the cattle industry. I find that the capital invested in that industry is given in this book over a term of years, and as I read the figures I hope hon. members will note the decline in the amount.

1919	$381,000,000
1920	228,000,000
1921	183,000,000
1922	156,000,000
1923	143,000,000

This amount of capital does not, of course, include anything for lands or buildings used by those engaged in this industry. If this were included it would be found that the capital invested in the cattle industry is exceeded by that invested in only one or two other industries of Canada.

It is because of the decline in the value of the cattle in Canada shown by these figures which I have quoted to the House that I am asking to-day for the appointment of a

committee of this House to examine into the condition of the cattle industry.

Might I also point out the gross annual revenue, as given by the Canada Year Book, of all farm animals during these same years:

	Value
1918	$194,000,000
1919	186,000,000
1920	143,000,000
1921	98,000,000
1922	77,000,000
1923	82,000,000

Hon. members will again note the decline in the annual revenue from all farm animals. In 1920, 70 per cent of the value of all animals marketed in Canada was represented by cattle, so the decline is principally due to the decline in the price of cattle.

The Live Stock Market Review for 1924 gives the estimated per head value of cattle sold on all stock yards in Canada from 1920 to 1924. The per head value for all Canada in 1924 was $43.50; and in 1920, $73.15. Hon. members will note the decline from $73.15 to $43.50. For the same years the per head value of cattle sold on the Calgary stock yard declined from $72.95 in 1920 to $39 in the year 1924.

I have figures here from the Canada Year Book showing the value of all cattle exported from Canada from 1920 to 1924. I will not give the totals, but simply the average value, as I think that will serve the purpose I have in view:

	Average value per head of cattle exported
1920	$100
1921	90
1922	50
1923	40
1924	62

Hon. gentlemen in listening to these figures will realize, I hope, the hard years through which the men engaged in the cattle industry have come. I have here a statement showing the exports of live stock from Canada for a period of ten years, but I shall quote only two or three years to show how it has affected our total export:

	No. of head exported	Value
1919	467,000	$49,000,000
1920	240,000	22,000,000
1921	174,000	9,000,000
1922	212,000	7,000,000
1923	160,000	10,000,000
1924	183,000	12,000,000

That is a tremendous drop, just a little bit over half of what it was in 1920.

I have some further figures here giving the average value of cattle, headed "Other Than Milch Cattle" on Canadian farms for a period of years from 1915 to 1924. I will simply quote the price per head in each year to show hon. members how the price of cattle had declined:

	Average Value of Cattle Exported
1915	$45
1916	54
1917	57
1918	61
1919	58
1920	47
1921	28
1922	26
1923	26
1924	27

The average value of cattle exported to the United States during these years is as follows:

1915	$ 61
1916	64
1917	91
1918	101
1919	104
1920	93
1921	33
1922	28
1923	37
1924	39

I have here a page taken from the annual catalogue of the Alberta Cattle Breeders' Association showing the prices which were paid for bulls at the annual spring bull sale at Calgary. I shall give only two or three years to illustrate how the value of these purebred animals has fallen. In the year 1913, which is always taken as a basis for comparison, the price received was $202; in 1925, the price was $128. But the real acid test for the cattleman, Mr. Speaker, is the price which his steers bring on the stock yards of this country when they are ready to market. I have here the prices paid at Calgary in November of each year since the year 1913. I have chosen Calgary because I am more familiar with conditions existing in my own province. I would ask hon. members to note how uniform the prices were from 1912 to 1916. The prices given will be per 100 pounds for live steers in the month of November of each year:

	Price per 100 pounds
1912	$ 6 12
1913	6 65
1914	6 15
1915	5 90
1916	6 65
1917	8 75
1918	10 75
1919	10 00
1920	7 54
1921	3 88
1922	3 78
1923	4 17
1924	4 29
1925	5 11

The Bureau of Statistics price index, using 100 as a basis for 1913, was last month $1.60. This shows the purchasing power of the farmer's dollar to be about 64 cents to-day compared with it was in 1913. This would to-day give his steer ready to market a purchasing power of only 50 per cent of the purchasing power of his steer in 1913. I do not think I can give to this House any better indication of the position the cattle man is in to-day. The cattle industry is of great importance all over Canada, but it is of particular importance in the province from which I come, the province of Alberta, and it is of very great importance to my own constituency. It was in this constituency that the ranching industry was first started in western Canada along the foothills of the Rockies. It was in this area that the Prince of Wales bought a ranch for himself when he visited Canada. I think there is no finer cattle country in Canada than exists in that particular part of Alberta. In 1924 there were shipped from points in this constituency about 16,400 cattle. I find that in that year cattle were marketed on stockyards by provinces as follows:

Alberta	271,190
Saskatchewan	207,099
Manitoba	85,457
Ontario	382,649
Quebec	28,625

Unfortunately I have not the statistics for the other provinces. May I point out here that the total number of beef cattle in Alberta, which is, I think, probably the premier cattle province of the Dominion, has decreased from 1,430,364 in 1921 to 1,066,007 in 1925, or a drop of about 400,000 head. These figures, I think, are very significant as to the condition the cattle industry is in to-day. I may also point out that the number of cattle on the farms of Canada has decreased in the last five years by over one million head according to the figures given by the Bureau of Statistics. In view of these figures, and the facts which I have brought to the attention of the House, it is certainly incumbent upon us to use every possible endeavour to help this industry.

May I point out here that a great deal of money is being expended, and great efforts are being put forth, by the federal Department of Agriculture, the departments of agriculture of the provinces, and by both our railways, to increase the growth of forage crops in western Canada. I have here a little item, taken from one of the western papers, telling of a special train which is being run by the Canadian Pacific railway through the western provinces in an endeavour to encourage the growth of forage crops by the farmers in that part of the Dominion, particularly fodder corn and sweet clover. Now I do not know of any way in which fodder corn and sweet clover can be utilized except by feeding cattle. At the present time I think most men will admit the raising of cattle is not a profitable undertaking.

Some hon. MEMBERS: Hear, hear.

Mr. COOTE: Then what is the use of these farmers being induced to grow sweet clover or fodder corn, or some other kind of fodder crop, unless a profitable market can be found for the cattle which are to be raised on that feed. In many parts of western Canada we are now troubled with what is called soil drifting. This land has been farmed for several years for the raising of grain crops almost exclusively. To prevent this soil drifting we are advised to grow fodder crops so as to get the grass roots back in the soil. I think that is very necessary. At the same time we must have some profitable way of using the crops which are so grown.

I do not wish to take up much of the time of the House in connection with this subject, but I think I have presented enough facts to convince hon. members that something should be done to help this industry if a way can be found to do so. I think the best way to discuss this matter is in a small committee; it is very difficult to do it in a House composed of 240 members. I am now only going to suggest very briefly how the industry may possibly be helped, and I hope that a committee of the House will be appointed which will deal with the matter. We are faced with an exportable surplus of cattle of, I think, between two hundred thousand and three hundred thousand head. I did have the figures here but for the moment I have mislaid them. Can we increase the consumption in Canada so that this total surplus may be eaten here? I think it cannot be done at the present moment at any rate; we must export quite a percentage of our cattle crop. The two principal export markets which we have to-day are Great Britain and United States. I find that we are practically shut out of the United States by a tariff of 1½ cents per pound on cattle weighing less than 1,050 pounds, and by a tariff of 2 cents a pound on cattle over that weight. Then we have a freight rate from Calgary to Chicago of about $13 per head. The tariff of 2 cents a pound on a 1,200 pound steer amounts to $24. That is we have to pay $37 to get a steer from Calgary into Chicago. Then with respect to our other market, Great Britain, we find that the total freight rate from Calgary to Britain,

according to information which is given in a government bulletin here, is $50.79 per head. It seems to me that in the case of both these markets there is a very fertile field for investigation by a committee to determine whether some relief might be secured for the cattle industry. For instance, I find that the feed for a steer from Montreal to England costs $4.50 per head. It is quite possible that might be reduced. The ocean freight is $20 per head. It is possible that some arrangement might be made whereby that might be reduced. I also notice in the booklet already referred to that the department itself is suggesting the possibility of co-operative shipments to the Old Country. I should like the committee to carefully investigate that matter and see whether, through some assistance rendered by the federal government, it might be possible to ship cattle co-operatively to Britain. I was told recently by a friend of mine that a neighbour of his had sold some cattle last fall before making a trip to England. He sold one steer in particular for $25. He afterwards engaged on a cattle boat going to England and assisted in feeding the cattle on board. While on the way across he found that this animal which he had sold was one of the stock on the boat. He took the trouble to see some of the steers sold in the Old Country, and although he failed to see his own particular steer sold he observed animals which were very similar in weight and conformation sold for $125 per head. Now the freight over is about $50, and he had secured for the steer $25, a total of $75. But the steer apparently brought in Great Britain approximately $125. If the man who raised the steer in Alberta could have secured that other $50, or even one half of it, it might have encouraged him to stay in the business. It is possible that the committee which I am asking may suggest means by which a part of this spread may be retained for the producer.

I do not want to say very much about the United States tariff against our cattle, but I notice that the Financial Post of a recent date had a front page article regarding the benefit of the United States market to Canadian beef cattle. According to the press there is a wish at the present time on the part of a large number of farmers in the corn belt of the United States that the American tariff against Canadian cattle should be lowered or removed. I think that this matter too might be carefully considered by a committee to see whether anything should be done by Canada to co-operate with these United States farmers in an endeavour to secure a reduction of the tariff. I may point out that the great loss which our cattle men suffer—and which I am sure hon. members will realize by the figures I gave at the opening of my remarks—was largely occasioned by the fact that the United States in 1921 placed an emergency tariff of 30 per cent against our cattle. The following year that duty was changed to the rates I quoted a moment ago, namely 1½ cents a pound on cattle weighing less than 1,050 lbs, and two cents a pound in the case of cattle over that weight.

It should be pointed out that for a period of six or seven years while the United States had cattle on the free list Canada maintained a duty of 25 per cent against cattle coming from the United States into Canada. Mr. Tom King, of Washington, D.C., addressing the Western Canada Live Stock Union in December last, said that in his opinion, if they wished to secure free entry for their cattle into the United States it would be necessary that Canada should grant to the United States the same concessions in regard to the tariff on cattle as we hoped to get from the United States. We must have reciprocity in the matter. I am not going to suggest to this House what should be done. I will simply bring the matter to the attention of the House, and if the committee is appointed I think this point should be carefully discussed by that committee.

Before closing I desire to give to the House the opinion of the Western Canada Live Stock Union and the request they are making to the members of parliament. Possibly all hon. members have received this request and I will simply read the last three or four sentences:

> That Canada could, if the matter were to receive the attention it should, negotiate for the modification or removal of this tariff.
>
> That is it improbable that this tariff ever would have been put in force with respect to Canadian cattle if there had been a Canadian representative at Washington.
>
> We therefore earnestly ask for your active assistance in securing a modification or the elimination of this tariff, thus removing this handicap from the cattle industry of Canada.
>
> We would also ask for your interest in securing the appointment of a Canadian representative at Washington, and we believe that when appointed, such representative should be familiar and in sympathy with the live stock industry. Such a representative could be of inestimable service to Canada.

It seems to me that the plight the industry is in, the hard years it has gone through, make it unnecessary for me to speak at any greater length in support of the request that a committee should be appointed to inquire into

the industry and report to parliament any measures that in their opinion might conduce to the benefit of the industry. I ask hon. members of this House to give their support to this resolution.

Mr. H. A. MULLINS (Marquette): I can scarcely let this resolution, with which I have so much sympathy, pass this House without saying a few words. Permit me to congratulate the hon. member (Mr. Coote) on his effort in placing before the House the position and needs of the live stock industry, the most important and basic industry in western Canada. It is important because you must have live stock on the farm to produce fertility and to keep the soil and the crops from deterioration. The live stock industry plays an essential part in this feature. The hon. member who introduced the resolution has covered the points pretty well. There are many things of importance pertaining to the live stock industry which come vividly before us. I have appealed to the hon. Minister of Agriculture (Mr. Motherwell) and I have appealed to the hon. Minister of Railways and Canals (Mr. Dunning) to try to get him to reduce the rate on live stock to Great Britain, but up to the present I have failed. Many promises have been made but there has been no action. They say it is impossible to convert the government merchant marine vessels into cattle boats, on account of their construction. However, I have my doubts about that statement. I have shipped on the Canadian government boat Victor and several other boats, and found them splendid cattle boats. If the Jensen boats could be converted into cattle carriers, I do not see why the Canadian Government Merchant Marine vessels could not be made available for the carriage of cattle, and thus relieve this industry. A statement was made before the Railway committee on Friday that the Jensen line was in the hands of a receiver. That is not the case. Mr. Teakle, the manager of the merchant marine I understand made that statement. The boats of the Jensen line were changed in Germany, and in connection with the changing of the boats some dispute arose. The price for the changing of them was to be based on the Clyde estimate, and not on the price fixed in Germany. I understand from the owners or the men who had to do with the Jensen line that the money is waiting in Toronto to pay for the remodelling of the ships. I have asked the government for a $15 rate on cattle and I am about through with it. I do not think I will bother the Minister of Railways or the Minister of Agriculture any more. I am not speaking for my own purposes at all, but I am making a plea for the industry. Here we are with a market in Great Britain clamouring for our live stock. There are men the Old Country prepared to buy thousands of cattle. But we have had nothing but promises from the minister. Every time the Minister of Agriculture goes west, he says, "We will give you redress," but so far he has taken no action. I have finished with my appeals to the minister. I cannot make any impression on him and I have done my duty to my constituents.

Here we are in Canada with a dwindling industry. We are shipping 100,000 cattle as the hon. member for Macleod has said. Ireland is shipping a million and the Argentine shipped 1,285,000 cattle as dressed beef. They are shipping those into Great Britain.

Mr. DUNNING: Do you want to do it that way?

Mr. MULLINS: I am going to talk kindly to the minister because I want to make a few converts. Ireland ships a million cattle, Ireland contains 32,605 square miles, Manitoba 255,832 square miles and Canada 3,745,674 square miles. Canada ships a paltry 100,000 cattle when we should be shipping a million. There are lots of cattle in the country. Canada has wonderful possibilities, particularly in the agricultural line. The Minister of Railways knows something about what this industry used to be in the early days, but it has been dwindling every year, because no encouragement is given to it. When you commence to talk to anyone about the cattle industry, he will say, "Get out of the way, I do not want to be bothered with you." But the day will come when people will be bothered with us. Our shipments of cattle are dropping every year and soon they will be at a very low figure.

As to the question whether Canada should go into the live cattle industry or the dead meat industry, I say the only hope for Canada is in the live stock and shipping industry. It is absolutely impossible to ship dead beef, and I make that statement after fifty years experience. I tried the experiment of shipping dead meat and suffered losses. The dealers in Ireland want us to get out of the business and to make way for them. In effect they say, "Don't come over to the Old Country with your Canadian steers which are of such a superior quality." I have stood in the Glasgow market and have sold a hundred cattle while the Irishman has been left standing at the rail with the same number. That

is due to the stamina, the admirable quality of the Canadian steer as a feeder. I saw Canadian steers eating 112 pounds of turnips a day in Scotland. Anyone who knows anything about the live stock industry knows that a country that goes in for raising live stock is a wealthy country. If you come with me to Illinois or Iowa I will show you a rich country. Scotland, the north of England, or any other country that is in the live stock industry is prosperous and doing well.

As regards shipping dead meat the Argentine Republic ship great quantities of dead meat into the Smithfield market where it is sold for 4 to 4½ pence per pound. I have a quotation which came to-day of Canadian cattle selling at 11 pence per pound. What do hon. members want? Do they want to ship dead beef at 4½ to 5 pence per pound or do they want to ship live cattle and get into the 11 penny market. The minister through his department tried an experiment in regard to dead meat and I think the loss was $50 per head. They tried live cattle and succeeded. Why is it not possible? The Englishman is a connoisseur on meat; he knows the quality. Scotch home-fed cattle are selling at the highest pinnacle in the Old Country; then come the English home-fed cattle; then come your dressed cattle from the other side of the water and last of all comes the Argentine chilled and frozen meat selling for 4½ pence while the better cattle get the higher prices.

I would not advise anyone to ship yearling steers because nowhere in Canada have we as much roughage feed available as we have in western Canada and in western Ontario we have similar facilities. We should bring our yearlings up to two years or three years until they weigh about 1,200 pounds and when they have reached 1,200 pounds that is the time to send them to the market.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. MULLINS: Mr. Speaker, when the House adjourned at six o'clock I was dealing with the live stock industry and trying to steer a few of our members in the right course by pointing out to them the absolute impossibility of shipping dead beef in competition with our live cattle. I desire to be brief, but this is a subject of such great importance to the cattle industry of the Dominion that I want to bring it before the House in a very definite form for the last time, as I have spoken of it so often that I feel sometimes I may have been thought out of place in referring to the subject.

Canada has taken a foremost place in England with her live cattle. She cannot retain that place by shipping the beef dead; it is an absolute impossibility. At the greatest cattle fair in England, the Norwich fair, a Canadian steer took the first prize. But there are those in the British Isles who seem to want to get Canada out of the live cattle industry into the chilled meat business; in fact, they are so strongly opposed to the importation of our live cattle that an Irish paper, the Mid-Ulster mail, of September 29, 1923, contained the following article:

Those Canadian "Stores"

At long last the Canadian stock exporters seem to be realizing that in attempting to send store cattle into Great Britain in open competition with Irish stores they are "on a bad egg," and that the removal of the embargo on the importation of Canadian cattle was not, for the Dominion stock-breeder, synonymous with an introduction to El Dorado.

It is now announced in the press that Colonel Mullins, of Winnipeg, who is largely interested in the export of cattle from western Canada to England, has accepted an invitation to attend an agricultural conference in London at the end of December to explain how the present high freights have put business out of the question. Exactly, but let us not forget that high freight rates are not entirely to blame for the lack of business in Canadian store cattle. From first to last this embargo business has been a "stunt"—in Canada worked by the politicians, and in England by some sections of the press. Cattlemen in the Dominion who understood their business never wanted the embargo raised, for the very good and sufficient reason that Canada can put meat on the British market for 3d a pound less as chilled beef than when the animals are imported alive into this country.

Several shipments of Canadian cattle have been landed in Britain this year, but in the majority of cases the animals have not been "stores." They are practically fat cattle, and some of them had even been specially fed in Canada so that when they arrived they would create a good impression among British cattle buyers. When consignments of real Canadian "stores" arrived the animals were in many cases practically unsaleable, being considered too old and too rough to repay the cost of finishing in the fields of the Mother Country.

It is evident that Ireland desires to divert Canada into the chilled beef line of business. Now I do not want to see this country make that mistake and so let the Irish cattle breeders have a monopoly of the store cattle market in Great Britain. The prices in England to-day are very high, 11d. per pound, while chilled beef is selling at from 4½d to 5d. Lord Bledisloe has become a convert to the purchase of Canadian cattle. At one time he was our absolute enemy, but he has purchased 100 Canadian steers and placed them on his grass. England wants as many cattle as we can send; we have an unlimited market

in Great Britain. I have before me a copy of the Dundee Courier, in which appears the following headline:

Canadian cattle trade outlook. Supplies increase, but more stores wanted.

The reason the cattle sent to England were so heavy was that they had to be heavy to beat the freight rates; you could not ship light cattle at the excessive freight rate of $20. The hon. Minister of Agriculture (Mr. Motherwell) knows what I am saying is correct. He was probably wrongly quoted when he spoke in Winnipeg about a steer weighing 800 to 900 pounds; probably he meant 1,100 pounds. That is the animal they want in England for finishing purposes, and that is what we must send them.

When the embargo was removed the job was only half finished; it was not removed in its entirety. Canada has just as much right to the British market as has Ireland. Ireland is now a dominion on the same status as Canada, but Ireland sends her dairy cows into Great Britain while our cows are shut out. Ireland values the cow more than we in Canada value it. I have here a quotation from an Irish paper in Belfast, as follows:

Dinners at which lions, ponies and other animals have been the centre of attraction have proved so successful in London that a banquet is shortly to be given in Belfast with the champion milk-giving cow and her daughter as guests of honour.

At the banquet the cows will stand in a roped enclosure around which the diners will be arranged. From each cow in this living buffet a glass of milk will be given to every person present.

Now, Sir, I would like to see the cow held as valuable in Canada as in Ireland. While I was in Scotland last year I saw a little Kerry cow selling for £30, but when I came home I saw our own magnificent cows selling at from $35 to $40, when they could bring as many pounds sterling in England. I want to see that restriction taken off our Canadian cow, and the market thrown open to us as to Ireland. I want hon. members to understand this, because I have been asked about it quite frequently. We can get in to that market with our male cattle, but our cows are not allowed in.

I have here a letter from William Henderson, one of the biggest feeders and buyers of Canadian store cattle in the Old Country. He says:

We must have in your cows and heifers, and we have on hand the organization of strong push at present. For what was done to get the embargo removed, and for what is being done to get in your females you owe the city of Glasgow the greatest debt. They have never "grown weary" in the fight.

Now I must tell you that very strong feeling is arising at the fact of so many "finished" cattle arriving from Canada and so few of what you and I know as good stores. Stores are making much better prices per hundred weight than fat cattle, and Canada will make a great mistake if she does not keep the store cattle trade well supplied. That does not mean very lean animals, though many farmers can do with such, but animals requiring two to three months to finish. Your fat animals are not in the best shape for slaughter on arrival and the meat is not nearly so good as when the cattle get two or three or four months on our "neeps". Meaning turnips in the interests of Canada you should not overlook these facts.

I appeal to the Minister of Agriculture to take up with Great Britain the question of the admission of the Canadian cow. While in England last winter I had an interview with Sir Auckland Geddes on this question; I told him our Canadian cow would give him quality if not quantity. He was very favourable to the proposition, and Lord Bledisloe was also impressed. I think with very little exertion we can get our cows into the British market.

I am heartily in sympathy with this resolution, and I think we should have a committee to look into this question. Many things have crept into the cattle trade of late years which I would like to take up, but I do not feel equal to the task because of my health. But these things have held back that basic industry not only of western Canada but of the entire country, the cattle trade. In the first place let me sound a warning to the railroads that they will have very little wheat to haul in a few years unless more thought is given to the cattle industry; the land must be kept fertile. Reduce the freight rate from Winnipeg to Montreal from 85 cents to 60½ cents, and you will give encouragement to the man on the land which will result in more wheat and more grain to haul.

The ocean rate question should be considered along with the matter of terminals and sheds. The government own the sheds at St. John; there should be no charge of admission there, yet we have to bear this burden. There they charge even for electric lights so the cattle may see to walk down the sheds; that is all added to the bill of the shipper, with other charges almost too numerous to mention. The Canadian Pacific Railway had a contract with the city of Winnipeg to maintain a yard there for all time, but the Grand Trunk Pacific, the Canadian Northern and the Canadian Pacific built stock yards outside of Winnipeg, in St. Boniface, and as a consequence shippers must pay heavy stockyard charges and these things are allowed to go on. That is one way to check

the industry; the charges now are piled up so high that the shipper receives very little return.

I have spoken longer than I intended, but this is the last time that I intend to speak on this question, unless something very intricate comes up. There are other matters that will engage my attention. In conclusion, I appeal to the Minister of Agriculture to use every endeavour with the transportation companies, by water and by rail, to have the rates on cattle lowered. It matters not whether the heads of these transportation companies are trying to make a showing. It has all to come out of the people of Canada anyway, and what we are particularly concerned with is that some assistance be given to the live stock industry in getting its products to the markets of the world.

Mr. THOMAS McMILLAN (South Huron): Mr. Speaker, in addressing the House on this resolution, namely:

> That, in the opinion of this House, a special committee should be appointed to examine into the whole situation of the cattle industry with power to recommend any measures that in their opinion might conduce to the benefit and further development of the industry.

let me say, that the words of Horace Greeley are as true to-day as they were the day they were uttered, when he said: "At the head of all science and art, at the head of all progress and civilization stands, not militarism, the science that kills, not commerce, the art that enriches, but agriculture, the mother of all industry and the maintainer of human life." This is an expression which we in Canada might well take to heart, and we might well consider it at this present time when we are discussing the possibilities of this country, because we know that when agriculture in Canada is prosperous it follows that every other industry will naturally be prosperous. That fact has been brought home to us very plainly during the last twelve months, as the result of the splendid harvest and the splendid success which has attended our agricultural operations throughout the length and breadth of this Dominion.

We have heard a great deal said on the floor of parliament this session, and a good deal from our hon. friends opposite, respecting the keeping of the boy on the farm. It has been amusing all through life to me to listen to these fellows, some of whom have been born on the farm, and who are now engaged in other walks of life, turning and telling us that we should do everything possible to keep the boy on the farm. It reminds me, Sir, of the following lines which I noticed recently in a New York journal:

> "Stick to the farm," said the president
> To the wide-eyed country boy,
> Then he hied him away to his White House home
> With an air of rustic joy.
>
> "Stick to the farm," said the railroad king
> To the lad who looks afar,
> Then he hies him back on the double quick
> In his rustic private car.
>
> "Stick to the farm," said the clergyman
> To the lad on the worm fence perched,
> Then he lays his ear to the ground
> To hear a call to the city church.
>
> "Stick to the farm," said the doctor wise
> To those who would break the rut,
> Then he hies him away where appendix grows
> In bountiful crops to cut.

If you can show to the farmer's boy that there is a sufficient margin of profit in the old farm, you will not need to give him advice to stay on the farm. He will see it just as quickly as anybody else, and he will not be looking over the weekly newspaper to see where Doctor So-and-So gets possibly two or three hundred dollars for the performance of some operation, and Lawyer So-and-So four or five hundred dollars for the pleading of a case, or somebody else gets five or ten thousand dollars for the promotion of some scheme or another. That is the way the thing is going to too great a degree.

We have heard them talk about protection to keep the boy on the farm. We know in this country that in the main there is no such thing as protecting the farmer. You may ask what this has to do with the live stock industry.

Some hon. MEMBERS: Hear, hear.

Mr. McMILLAN: It is the same response we have heard from my friends opposite during almost every discussion this session. We hear it to-night from the men who know absolutely nothing about conditions on the farm. They are the first to say, "Hear, hear." They wonder what this has to do with conditions on the farm, when every person who knows anything about agriculture knows that the live stock industry is the very right arm of a permanently successful agriculture. I am not one of those who would say to our western farmers, or to the young man who comes out from the Old Country and goes to our western prairies: You must at once engage in live stock lines. Not at all. These men have to do as circumstances will permit them. nevertheless, if we are going to make agriculture as successful as it ought to be, if we

are going to do as nature expects we ought to do, keep up the fertility of the soil, make it better than it is to-day, the only means we have of accomplishing that, is to endeavour, so far as circumstances will enable us to destroy all our coarse grain and our fodder crops upon the land, and feed the soil with the certain expectation that in the end it will continue to repay us as well as nourish the people. That is the reason why I would like the members of this House, and more particularly those who wondered what I have said had to do with the live stock industry, to realize that the first consideration of a permanently successful agriculture is that we should not only maintain the land in its present condition of fertility, but, if possible, endeavour to improve that condition.

When I addressed this House on the last occasion, one of my friends on the opposite side asked me what was the effect of protection upon the farmers of England, and what were they doing at the present time. I can assure you, as I said then, just in a sentence, that the best farmers of England and Scotland to-day are the men who are able to show to us in this country and to the agriculturists throughout the world how farming ought to be conducted in order that it may become permanently successful, and in order that it will be able to give to the human race the greatest returns that it is possible for that industry to give.

Coming back more particularly to the production and marketing of live stock, I may say that that is a line in which I have been engaged all my life. For twenty years I was continually engaged in the live stock export trade, and we found it fairly successful in those days. At that time our freight rates across the ocean amounted on the average to from $7 to $8 per head. From the beginning to the end of the season we used to regard that as an average rate. Consider the handicap under which we are placed to-day? When we get our live stock to the point of shipment it costs us, not $7 per head but $20 per head, although this is a wonderful reduction from the rate which prevailed five years ago. The last time I had occasion to ship to the British markets was in 1921, when it cost me $45 per head in freight for my animals between Montreal and Glasgow.

Since the embargo was removed in 1923 it is wonderful how our live stock trade with the British market has increased. As hon. gentlemen know we shipped in 1923, the year in which the live stock embargo was removed, something like 25,758 animals, valued at $2,809,796. The following year the shipments had increased to 59,486 animals, valued at $6,287,815. In the year ending March, 1925, 86,245 cattle were shipped, at a value of $9,125,667; and for the twelve months ended March 31, 1926, we shipped 117,819 animals valued at $12,432,954. So you can realize the manner in which this live stock trade has grown during these last four years. I may say that the prospects for the export cattle trade at present are not so good. They are less favourable to-day than they have been at any time during the last four years. Allow me to read an article which explains, to a certain degree, why this is the case. The article in question is taken from the Grain Growers' Guide of May 15 last, and reads as follows:

Canada's overseas cattle trade is assuming proportions which now fully justify the hopes held out by those who so stubbornly fought to gain entrance to the British live cattle market. Hon. Mr. Robb's budget speech reminds us that this trade may this year reach the $12,000,000 mark.

As I have shown you, the export trade has already grown beyond the twelve million mark.

Undoubtedly the outlet which the British live cattle market affords has been one of the chief factors in the return of prosperity to the Canadian cattle raiser. The British consumer likewise finds satisfaction in the lowest scale of beef prices which he has enjoyed since the early days of the war. That it has not hurt the British producer may be seen by the recent statement of Lord Bledisloe, Minister of Agriculture in the Baldwin government. The noble lord was one of the bitterest opponents of the admission of Canadian store cattle when that question was before the public. He is now a complete convert, so much so that last month he purchased 200 head of Ontario feeders for his own farm.

The following paragraph is the matter to which I more particularly wish to direct your attention.

The only fly in the ointment is the war being conducted between the two companies which control the Argentine meat trade, and the practice, which has grown out of it, of killing Argentine live cattle in Belgium for sale in London the following day, as fresh-killed meat. Until the last few months these companies had an agreement as to the quota of cattle which each would export. Since the suspension of it, both companies have extended their quota and have slashed prices so that at present fresh-killed Argentine meat can be bought wholesale in London for 3d. and 5½d. for fore and hindquarters, respectively, prices which Canadians cannot meet.

Exporters of Canadian cattle have, unfortunately, taken a bad trimming on account of this situation, and British farmers who bought Canadian stores before the abnormal dip in prices, are due for their loss also. Canadian producers may take what consolation they may from the fact that this commercial warfare cannot continue, and when those concerns terminate it, they will recoup themselves at the expense of consumers, at which time our export business will again be on a profitable gasis. The Canadian trade, however, views the practice of killing

Argentine cattle in Belgium for re-export, with considerable concern. It is now more than an experiment and will continue after the rival companies come to an understanding. South Americans gained pre-eminence in the chilled meat business because of the quality of their beef and the cheapness with which it could be raised. The Zeebrugge Abattoir gives them an equal footing with Canadians in the marketing of freshly-killed beef. It brings a new and serious competitive factor into the business which cannot be disregarded.

When we consider these conditions and know—as those who have been engaged in the cattle export trade and those who have been engaged in breeding and feeding these animals know—that although there has not been too great a margin of profit in the past, yet we are to be subjected to this world competition, it is a question of the first importance, a question of the greatest moment, that if possible we should get better markets for our live stock than we are able to enjoy at the present time. Giving hon. gentlemen some personal experience, I may say that during the last four years I have never needed to take less than 8½ cents per pound live weight for my finished animals on my own farm; but to-day we can only get from 7½ to 8¼ on the Toronto market for them, and that is half a cent a pound less than we must take at home. Therefore you can realize what the situation is to-day, so far as the Ontario farmer is concerned, compared to what it was even twelve months ago.

While I consider that every effort should still be made by the Canadian government to get rates upon live stock, not only railway rates but also ocean rates, as low as it is possible to get them—there is no reason why the ocean rate should not be a great deal less than $20 per head—while these efforts should still continue, as I have said on each occasion when I have addressed the House during the present session, I still believe that every effort should be made by the government to try to come to terms with the people of the great republic to the south of us. What are the conditions with respect to that market? During the four years when we had the privilege of free access into the American market with our fat cattle from the province of Ontario I was able to get, every year right at my own market station, within 50 cents per hundred live weight of the highest ratings on the Chicago market. If you look up the prices in Chicago to-day, you will find that they are $10 per hundred weight, live weight. That would mean, with similar conditions, that I could get $9.50 per hundredweight on my own farm, whereas under present circumstances I will have to take at least $2 per hundredweight less. What would that mean? I am within the judgment of every man who understands the business in this country when I say that it is all the difference between success and failure, and if we are going to continue to keep up the standard of agriculture and maintain the condition of the soil we must continue this business. Anything else means failure, not only for the present, but absolute failure in so far as a permanently successful agriculture in this country is concerned.

When I express the opinion that it should be the aim of this government to use every reasonable effort to treat with the government of the United States, we are met by our friends across the chamber, who are so anxious to maintain our young men on the farm, who really think that everything should be done to try to keep them on the farm, who say to us, "Why, you must not treat with the people of the American republic, lest you bring into operation conditions which will injure industry in this country." What do they mean by industry? The greatest industry in this country is that of agriculture, and if Canada is to continue to be a nation worthy of itself it must always be our greatest industry. Yet Sir, it is no reflection upon the record of the present government when I say that for years all governments in this country to a certain extent have allowed privileges to continue which work against the real interests of agriculture, not only in the circumstances I have already been outlining, but also in the condition in which the farmer finds himself in respect to the articles he has to buy. He has to buy in every instance in the retail market and pay the highest prices for everything he requires. We have discussed protection on the floor of this parliament, and during that discussion I asked the question, which I put again to hon. members on the other side, can you show me one individual engaged in any other line of industry who does not wish and does not do everything possible to keep the prices of all the requirements in his business at the lowest possible level? Is it not the fact that in every line of industrial life they want to get all their requirements at the lowest price? I am in accord with them on that proposition and say amen to them every time they urge that that should be done. Why except agriculture and those who are engaged in the greatest industry in this country? Why except those who are engaged in the industry upon the success of which depends the progress and development of this country? It should be one of the first considerations of the government to give to the agriculturist

everything he requires in the matter of raw material at the lowest possible cost.

I have often heard it said by hon. gentlemen: "Oh, I would not treat with the American people at all." What are the conditions? Here we are, two friendly nations, living alongside of each other, with two artificial tariff walls built up by each country against the other, and yet in the face of those walls, out of a total foreign trade of 2,255 million dollars we are doing over 1,095 million dollars' worth of business, almost one-half the entire trade of the country, with our American cousins across the border. Does that fact not prove how anxious these two people are to do business, the one with the other? Trade is not a national business. Trade is an individual matter, and if a Canadian buys anything across the line he does so for one reason only, and that is he thinks he can get better value for his money by purchasing there than he can get anywhere else in the world. If an American does any business in this country it is for the same reason. Therefore, I repeat, to such a degree do the people of the two countries realize that they can do better trading with each other than with any other countries that nearly one-half our entire foreign trade is carried on with the United States. Is that not at once an illustration of the power of natural trade laws, and an indication of the only rational trade policy? I do hope that as soon as possible we may be able to show the great benefits which will result to both these countries by the following of such a policy to a greater degree than we have been able to do up to the present time.

When we consider the terms of this resolution we find that it embodies another thing. If this is to become a great agricultural country and continue to grow and thrive as it ought to, we must not only encourage a system of keeping live stock but encourage the keeping of the very best class of animals which can be obtained. That is something which, if I wished, I could spend hours dilating upon, because as agriculturists the greatest drawback towards the success of the live stock industry in this country is that those who are engaged in the business do not understand the science of live stock breeding and feeding to the degree to which it ought to be understood. If we did understand and practice the proper system of live stock production we would not see so many of those half-starved animals going into every live stock market from week to week and month to month. To accomplish the best results, a start must be made during the breeding period. Whenever animals are dropped we should realize that the first function of food is to support the requirements of the animal system, and it is only from what the animal can properly digest and assimilate over and above that which is required to support the animal system that we can derive a profit. Therefore it should be the aim of every farmer, of every live stock raiser, so to look after those animals from the moment they are dropped as long as he keeps them in his possession, that when he disposes of them they will be in such a condition that he can get the highest price it is possible to obtain in the best market.

I am not going to continue this discussion at any greater length because there are members to my right and to my left who are able to give us a great deal of valuable information along this line.

Some hon. MEMBERS: Go on.

Mr. McMILLAN: Hon. friends opposite may say—

Some hon. MEMBERS: Go ahead.

Mr. McMILLAN: If there are any questions which my hon. friends across the way desire to ask, I would be glad to try to answer them. The question might be put: What is the use of trying to get freer access to the markets of the United States when our United States cousins seem inclined to raise their tariff still higher? What are the conditions? I have the report of that great gathering held at Des Moines in the month of December last where a million farmers met to discuss their conditions, and for the benefit of every member I would like to place upon Hansard some of the particulars regarding that meeting. That conference was held prior to the sitting of the present congress and these farmers, about a million strong, were preparing their presentation for submission to congress. To-day congress has rejected the only proposition that has been placed before it that would go to help the United States farmer out of the undesirable position in which he finds himself as a result of a high protective tariff in that country. I happened to be on the other side while this conference was in session and this is the report from the St. Paul Pioneer Press.

Mr. GOTT: I thought the hon. member was speaking in the interest of the Canadian farmer.

Mr. McMILLAN: I am. If my hon. friend will follow me, the point I want to make is that the United States farmers realize that protection has been such an injury to them that they think it is time it should be removed, and when protection against the

United States farmer is removed the Canadian farmer will be permitted to enter the United States market and get the benefit of the best live stock market in the world for his product. I wish my hon. friend who is situated a great deal nearer the border than I am would listen to what I am about to read:

Des Moines, December 22/26.—Representatives of a million western farmers issued their manifesto at the closing session to-day of the conference of the corn-belt committee and the executive committee of the American Council of Agriculture.

They repudiated the President's speech before the American Farm Bureau Federation convention at Chicago.

They declared in principle for the export co-operation idea—

That is the McNary-Haugen bill which has been defeated in congress.

—the legislation to take the "simplest form compatible with effectiveness" and to promote the co-operative movement. They saluted the Jardine co-operative bill with the statement that "it is not information we need but a fair price."

They assailed the Fordney-McCumber tariff.

They made an overature to the agriculture of the south for union with that of the west for a common effort for a common end.

They appointed a joint legislative committee of twelve with power to speak for the twenty-eight organizations represented at the meeting, to co-operate with the spokesmen of other bona fide producers' associations of the south.

They authorized the organization of an agricultural statistical department to be situated at Des Moines, comparable in efficiency to those maintained by railroads and other great interests.

"With all due respect to the President," the conference declared, "we desire to say that the farmers of this country know the source of their difficulties."

The reference was to the President's speech at Chicago in which he disparaged the movement to make the tariff effective on the major products of agriculture. The Chicago speech drew the fire of the conference in a lengthy declaration closing with the pronouncement that agriculture "once more demands equality."

They realize that agriculture in the United States cannot be protected, cannot be given the benefits which protection will accord to the other great industries in that republic.

The report continues:

"We protest against such a misrepresentation of the movement for equality in which the people of the great staple growing empire of America are enlisted with all their hearts," the declaration sets forth. "We protest against the abrupt dismissal of a petition in the formulation of which the best intelligence of agriculture has put so many years of devoted and sincere study."

The conference asks, if the tariff is of so great benefit to farming as the President said, "how can the fact be explained that although this tariff has been in operation for five years agriculture is at this hour staggering on the brink of complete collapse?"

It says to Congress that either agriculture must be brought within the system or it must expect to see agriculture declare a war on the protective system.

That was the viewpoint before congress assembled, before the McNary-Haugen bill was discussed on the floor of the United States congress. That bill has now been rejected. The farmers of the United States are placed where they were before, and as a result of their present situation do hon. members think they are going to continue to lie under the great detriment of a high protective system which, while accorded to the other great industries, does not benefit the United States farmer? Further, more than sixty-six per cent of the people of the United States of America reside in towns and cities and all these people, more particularly those who have not a large income, require the necessities of life as cheaply as possible. For the benefit of Canadian agriculture, if we could only get access to the American market we know there are in the cities of the eastern states more men able to command an annual income of $10,000 a year than are to be found in all the rest of the world. These individuals do not require to consider the cost of living; they are bound to have the best at any price. Canada, on account of her northern climate and her capabilities, on account of the brain and brawn of her people, is able to produce the best goods in the world, and if we could secure access to those markets our superior quality of product would displace a great deal of the inferior article produced by the United States farmer to the wonderful benefit of the Canadian farmer. For these reasons, which I have in a few minutes tried to enunciate, it is the duty of this House to see to it if possible that a committee is appointed to make an exhaustive investigation into the whole matter of the live stock industry of Canada with a view of finding some remedy, through the medium of cheaper transportation and better returns, which will enable us to produce more profitably in the future than we have done in the past.

9 p.m.

Mr. W. F. MACLEAN (South York): Mr. Speaker, I have been impressed by this debate and still more by the debate which recently took place in Washington, where it was brought out that the American farmer did occupy an unfair position in the protective system of the United States—so unfair that even the president and the government had under consideration a policy of subvention or of loans to equalize the position of the agricultural interests with that enjoyed by the industrial organizations of the United States. My hon. friend who has just taken his seat (Mr. McMillan) presented an argument which I admired, but I do not think

it is feasible; the Americans will not let us into their markets.

But we can do something for the benefit of our farmers. Perhaps I have said it before, but it is well worth repetition. We can do something to bring about reduction of freight rates by consolidating our two great railway systems that now waste $400,000,000 a year, and thus make one first class system. In that way you will not only save a lot of money, but you will increase the efficiency of the consolidated system by not less than 40 per cent. But transportation to-day is a combination of rail and water, and in the consolidation I am proposing we would include the government merchant marine and the Canadian Pacific steamships. Then this parliament can deal with lower transportation charges. In this way we would cut out all the extravagant duplication which involves, as I have said before, an annual loss of at least $400,000,000—and this estimate is growing in my opinion the closer I look into the situation. To-day we are wasting money on a double system of head offices in Montreal, double system of express, a double system of telegraphs and a double system of trains, many of them not one-quarter filled. By this consolidation we can pay every commitment of the two roads. We can guarantee 6 per cent on the common stock of the Canadian Pacific Railway, and if they share their "extraneous assets," with Canada—and they ought to—they will get 4 per cent more. As a result, we will have the finest transportation system in the world, a transportation system by both land and water, and we will not only improve the efficiency of the railways by 40 per cent, but we shall be able to reduce the freight charges by 33⅓ per cent. It is no use talking about our farmers getting into the American market; their competitors in the United States will never let them in. But if we quit this crying for new moons we shall get somewhere, and I am going to continue as long as I am here to preach the doctrine of railway consolidation, cutting out duplication and devoting our energies to the improvement of our land and water facilities and to the reduction of freight rates. There is a practical question for every farmer in this House and outside it to devote himself to, to do away with this wastefulness and give better service by combining—and this is the great problem of transportation now—water and land transportation into one great system.

We have had a lot of experience of the north Atlantic conference in connection with ocean rates, but we have never been able to take effective action for their reduction or control. Now, if we run our own ships and cut out the wastefulness to which I have referred we shall be able to bring effective pressure to bear on any shipping combine and to reduce freight rates, as I have said, by 33⅓ per cent. There is something to work for. I agree with the hon. member for South Huron (Mr. McMillan) that the farmer has not quite a fair deal, whether in this country or in the United States, but I do not think we are likely to improve the position of our farmers unless we reduce freight rates substantially, and this can be done only by carrying out the consolidation of our two great transportation systems. Let us try to remedy the grievances of our farmers by cutting out this wastefulness and bringing about one great consolidated transportation system under a strong management, and so secure not only lower rates for our cattle and our grain, but also a better price for both.

Mr. A. de WITT FOSTER (Hants-Kings): Mr. Speaker, I think I may say at the outset that such remarks of the mover of the resolution (Mr. Coote) as I heard were indeed an enlightenment to this House. I appreciate his having brought this very important subject to our attention. There seems to be still a difference of opinion between certain members as to whether the cattle industry is more important than the grain industry, but I do not think we should cavil very much about that. The fact is that the cattle industry is not only important in its present stage, but important because of its potentialities. Therein, I think, lies the necessity of discussing this subject.

For a long period, as the House is aware, we had not access to the great British market which has recently become open to us. It seems to me that the problem is very largely one of ocean transportation, now that that market is available. It may be that an examination of freight rates would show that some alteration in the rate structure could be made which would benefit the industry, but that is a technical subject which should be considered and I presume is being considered not only by this House but by experts. We have had the question of freight rates referred in a special way to the Board of Railway Commissioners. But by and large the subject is one of ocean transportation, and my observation in this connection is that we in Canada have during past years, by the expenditure of a large amount of money, built the Canadian Government Merchant Marine as a nucleus not only for the carrying of our products to such markets

as were available but for bringing to Canada such products as we desired to purchase abroad. With this merchant marine it is amazing to me that we could not have utilized it, by transformations where necessary, and put it to work in this very laudable and important service. It may be that for a time it would not pay, but I do not know that that should be considered a reason why an attempt should not be made. We have a population of 9,000,000 people, and if we are ever to make any very great progress it seems to me we must make some very material departures, in the way of experiment, from some of those customs which have prevailed in the past; otherwise we will not be able to develop our resources and create new wealth, as rapidly as our obligations warrant. This experiment of putting our merchant marine into this service would have been worth while and enlightening, and well worth the cost. We are exporting a very small number of cattle as compared with our competitors. I believe that Canadian cattle—and by Canadian cattle I mean those produced in the Maritime provinces as well as those from western Canada—should command in that British market a place which will enable them to compete with the cattle of other countries. I believe that on this point greater study is being made in Great Britain than ever before, and this is also true with regard to the importations of world wheat; I believe they are examining these questions in the light of experience gained in the past few years. As a result of that examination and study I believe it will be impressed upon the British people that they can create a trade with the Dominions overseas, large and small, which will be to the advantage of both parties. This will enable the surplus population of the United Kingdom to go to the overseas dominions and create for themselves independence on the farms and in other industries.

Just a word in relation to that question. An English immigrant to Australia is worth £60 a year to the Mother Country in trade after he is settled, whereas an Englishman going to the United States is worth only £12 a year. So from their standpoint I believe this trade could be made so attractive as to enable them not only to view it as a normal growth of effort on the part of the dominions but to give it stimulation by legislation as well. More important than legislation, perhaps, is the education of the English people themselves not only in the advantages of trade with the dominions but in the merits of those articles the dominions produce. As I said before, there is no doubt in my mind that in the provinces by the sea the cattle industry can be greatly developed. While it costs more to produce cattle in the Maritimes than it does in western Canada, yet by virtue of the longer freight haul and higher freight cost on western cattle, our nearness to the sea offsets that advantage and enables us to compete in the United Kingdom. It becomes a question, therefore, of providing transportation and avenues for the distribution of that product in Great Britain to enable this industry to develop.

It seems to me, Mr. Speaker, that if this is to be a House of direct action that action should surely apply to matters such as this under discussion as well as to the lowering of the tariff on articles where there has been no examination save that made by departmental experts. If the experts of the Department of Finance can so advise the government that they are able to attack a great industry, as has happened recently, surely the experts of the Department of Agriculture, presided over by an expert minister, should be able to tackle this problem and give us some direction or some direct action in providing means for the distribution of cattle.

While I am not opposed to the idea of a committee examining this matter, I am led to ask what a committee can possibly determine. We have a number of committees sitting now, and what can this committee determine that is not known at the moment, save perhaps the technical subject of rates? Surely it is not contended that a committee meeting here will induce the United States to lower the tariff on cattle so that we will be able to regain that market; I do not believe anyone would contend that the calling of witnesses and the examination of this subject by a committee will bring about any such results. The cattle industry in the United States four or five years ago was in a very bad position, much worse than we are experiencing in Canada to-day. What did the United States government do? Through Eugene Meyer of the War Finance board they provided millions of dollars to assist in the rehabilitation of the cattle industry. The same is true of the sheep industry. It was a departure from what had previously been done, which leads me back to my very first observation, that in order to tackle some of the problems now confronting us we must, without abandoning our ideas of protection for free trade or any other dogma, seek some new avenues through which to apply the system which already exists.

The hon. member who preceded me read quotations to show the condition of farmers

in the United States. I know something about the situation in the midwestern states. I know a great many of the men who are connected with the American Farm Bureau Association. I know something of the difficulties the farmers have been in in that country. Some are in those difficulties yet, but in the by and large there is no one there who will tell you truly that conditions are not far better now than they were five or even four years ago.

What is proposed in the McNary-Haugen bill, to which allusion has been made? It is not proposed that the United States should do away with protection and become a free trade country; not at all. What is proposed is merely to provide a huge sum of money, $675,000,000, for the purpose of taking care of the exportable surplus produced in that country. There is no desire among those people in the central states to do away with protection; there is no movement of that kind there. Who is the one outstanding figure in this whole movement? Ex-Governor Frank O. Lowden, of the state of Illinois, and a more staunch protectionist you cannot find either in the United States or Canada or in any other part of the world. The men who are foremost in that movement of the American Farm Bureau Association believe that protection, properly applied, will protect the farmer in the United States just as it will in any other country, and I share that view. Some people have said that a man is a protectionist in his early youth, and again just before he dies, and that in between he is something else. That may be so, but the fact remains that agriculture in this country can, in my humble judgment, be protected, and that protection will give it added assistance and new life. If we have not been protecting it in the past, that is no reason why we ought not to protect it in the future. If we have not been doing the necessary things to create new wealth in the past, that is no reason why we ought not to do them in the future. Some of these things occur to this House from time to time. Others, I believe, could very well be studied by a group of experts in this country. I have not had a chance to examine into all of the studies that Doctor Tory, for instance, has made, but I say to this government and to the last government and to any other government, that if we would utilize one-hundredth part of the intelligence of our universities and of our business men, and of the genius of the people of this country, we would find solutions for a great many of the problems which are now left to drift from session to session.

Mr. WARD: Hon. gentlemen to our right frequently tell us that they are going to protect the farmer. I think it would only be fair to the House if they would explain just how they are going to protect the Canadian farmer as such.

Mr. FOSTER: I should not, and would not, attempt in a discussion of this resolution to tell my hon. friend how little any of us, myself included, know about the subject of protection. That is a very frank admission. I daresay it is likely that a great many of us go through life and discuss free trade and protection from an academic standpoint, and finally come to the conclusion how very little any of us or all us can claim that we know about the subject. I think that is very reasonably the viewpoint of many of the great men who have passed on all down through the ages. But let me point out to my hon. friend one thing that has engaged and is now engaging the attention of the British people overseas to such an extent that the British government have subsidized the study of the question by a sum of £675,000, and next year I understand the subsidy will be increased to £1,000,000. That question is this: How to protect wheat within the empire so as to give the people in the dominions a higher price for their wheat than they are getting at the present time, without making the British taxpayer pay any more for his wheat.

Mr. WARD: Does the hon. member advocate subsidizing the wheat growers of Canada?

Mr. FOSTER: I was coming to a statement which would, I think, take care of the query which has just been addressed to me. As to subsidies, being a protectionist, and subsidies being the highest form of protection, I am able to advocate a subsidy where it is necessary to produce new wealth from the resources of this country. I do not hesitate to say that. In the four years from 1919 to 1922 the United Kingdom imported some 670,000,000 bushels of wheat. Of that amount 60 per cent came from foreign countries and 40 per cent from the dominions, and on the average that 40 per cent which came from the dominions cost the British consumer 42 cents a bushel less than he paid for his world wheat, or the wheat he bought from foreign countries. I realize that that statement will likely be challenged, because men will say: When wheat is sold at the Liverpool price, how is it possible for that to be true? Well, the fact that it is true can be verified by referring to the imports of the United Kingdom for those

years, which will be found in the library, if you take your pencil and divide the number of bushels into the cost to the British consumer, c.i.f., you will find that the statement I make, which bears the imprimatur of the British government, is absolutely true. So when the hon. Minister of Agriculture says he hesitates to ask the British people to reconsider their attitude on preference because this government does not feel like asking the British consumer to tax himself in favour of Canadian goods, I say to him that the British consumer of wheat in these four years—I have not been able to get the returns for later years—taxed himself on the average 42 cents a bushel more for foreign wheat than he did for empire grown wheat.

Mr. WARD: Would the hon. member advocate such a policy with regard to cattle?

Mr. FOSTER: We do not need that. The hon. gentleman and those surrounding him talk about the identity of our wheat being preserved in western Canada. I say to this House that the identity of Canadian wheat is lost when it crosses the border into the United States, and the British consumer knows nothing about the identity of this Canadian wheat when it is mixed with American grain.

Mr. YOUNG (Weyburn): Are you sure of that?

Mr. FOSTER: I am as sure of it as the English people are sure of it themselves, and they say so.

Mr. DUNNING: No, no.

Mr. FOSTER: The Minister of Railways (Mr. Dunning) says, "No, no". Does he say that English people who pretend to know the trade have not told me that? I am sure he would not say that.

Mr. DUNNING: If my hon. friend will permit me, his statement is entirely contrary to all the evidence taken by the Royal Grain Inquiry Commission from the British importers. There was very little complaint as to the integrity of the Canadian certificate giving the Canadian government guarantee as to the quality and identity of our wheat.

Mr. FOSTER: Shipped by Canadiain ports direct to Great Britain, or shipped through American ports and mixed with American wheat?

Mr. DUNNING: If my hon. friend will take the trouble to read the report of the Royal Grain Inquiry Commission, he will find that all the evidence indicated that wheat of Canadian origin, whatever route it might have taken to get to the Old Country had, on the whole, lived up to the specifications of the Canadian law and the Canadian certificate.

Mr. FOSTER: That is true of wheat shipped from Canadian ports only, if it is true at all. I wish to point out that our trade returns show that 176,000,000 bushels of Canadian wheat were shipped to the United Kingdom in the year 1923. The English returns for the same year show that only 47,000,000 bushels were imported from Canada. Now where did the rest go? It went somewhere else, to countries other than the United Kingdom. That 47,000,000 bushels that was imported by Great Britain from Canada may have lived up to the grades at which it left this country. I am not finding fault with that; perhaps that is what the minister refers to. But take the millions of bushels that go through Buffalo and other United States ports, and which are mixed with American grain and then shipped overseas. Surely the identity of that Canadian grain is lost; there is no question about that. So that after all my point is this: A system of education amongst the British people themselves should be undertaken, and in addition to that distribution centres, not controlled by foreign countries, should be established. Because practically every avenue for the distribution of Canadian wheat in Great Britain to-day is a distribution centre which handles wheat from the Argentine and from every other foreign country from which Great Britain makes importations. Consequently it is in a position to determine what quantities of foreign wheat shall be handled there, what quantities of Canadian wheat for example, and the price is set according to the world's parity, although it may differ in different months of the year. The subject is a complex one and I state at once that I do not know everything about the problems of wheat. That may be apparent from my remarks, but I also say this: I have given the subject some close study, and I daresay there are many other hon. gentlemen here who have not given it any study at all. I have been interested in the matter because I am trying to find in my own mind some basis upon which we in the east could stand and assist the people in the west. In other words, the application of protection to Canada and the empire as well. If, for instance, Great Britain bought one hundred million more bushels of Canadian wheat and paid 20 cents more a bushel for it, instead of

42 cents less as she did in 1919-1922, then the market there for world-grown wheat would be one hundred million bushels less. Is it not reasonable to suppose that under those circumstances the price of foreign wheat in Great Britain might fall 20 cents? If so the British consumer would be 20 cents in pocket for every bushel he consumed, and the Canadian selling his wheat there would also be 20 cents a bushel in pocket by virtue of the higher price. I give that to hon. gentlemen as a point to think about.

I believe that the new Self-Supporting League recently established in England, with the object of enlightening the people there as to the quality and value of the various products which are imported into the United Kingdom and sold there, will accomplish a great deal of good, and that the overseas dominions will reap some benefit in this direction. That the embargo on Canadian cattle was not removed for a considerable number of years was due largely, I think, to personal interest somewhere on the other side. If we can harness personal interest in the Mother Country with personal interest in the dominions overseas—with personal interest in Australia, South Africa and Canada—if we can get on common ground in the matter of marketing the products of the far flung portions of this empire, in the heart of the empire, and get a preference in exchange for a preference I think we shall make progress along the line of developing not only industrial life but farming life in the overseas dominions themselves as well as in the Mother Country.

I may tell hon. gentlemen who are interested that if they will get in touch with the secretary of the Self-Supporting League in London they will get from him information which bears the imprimatur of Stanley Baldwin, Prime Minister of Great Britain, along the various lines I have been speaking of. Furthermore, the British government are giving close attention and study to this subject to-day with the idea not only of doing something in the direction of developing trade between the various portions of the empire but also along the far greater line of providing opportunities in the dominions where people from Great Britain can go and establish homes animated by the hope of finding a market in the land they have left for the commodities they subsequently produce. My argument applies not only to wheat but to the apple industry and to many other industries in Canada, in the east as well as in the west.

[Mr. Foster.]

Mr. MILLAR: Did I understand the hon. gentleman to say that the British people paid more for wheat because it was wheat from Canada?

Mr. FOSTER: No, the hon. gentleman misunderstood me, I stated the very reverse of that. I said that in the years 1919 to 1922 the British people, on the average, paid 42 cents more per bushel for foreign wheat than they did for wheat grown or purchased in Canada, Australia, and other parts of the empire. That was the statement I made.

Mr. VALLANCE: Did not government control in this country have something to do with that?

Mr. FOSTER: Not in those years, I think.

Mr. VALLANCE: There was government control in 1919.

Mr. FOSTER: That may have been the case in 1919, but not in other years subsequently. There are a great many factors which account for the existence of such a condition which I could not explain in a four hour speech; at least it would take the greatest part of that time to explain it even if I could offer a full explanation.

Some hon. MEMBERS: Oh, oh.

Mr. FOSTER: Some hon. gentlemen opposite laugh. They do not know anything about the subject themselves, they have never studied it. They would probably say, with a smile and a smirk, that it was not true that the British government paid 42 cents more for foreign wheat. May I point out, however, that the Right Hon. Stanley Baldwin has issued a statement, which is to be found at the very beginning of a certain book, in which these facts are set forth, not only with regard to wheat but as respects many other products, including live stock, chilled meat, apples and all the other commodities which have been imported into Great Britain during the years I spoke of.

Mr. DUNNING: It is a very important statement, that Canadian wheat sold on the average in Great Britain during a period of four years at 42 cents a bushel less than the price at which foreign wheat was sold in the same country during the same years.

Mr. FOSTER: Correct.

Mr. DUNNING: I should like my hon. friend to please quote his authority for the statement, because it is very interesting and very important to Canada, if true.

Mr. FOSTER: I did not intend to discuss this subject this evening and therefore did not bring the necessary documents with me, but if a page will go up to my room and bring down a statement of British imports to be found there I will quote the necessary authority to my hon. friend. Or, if he prefers it, I will send the documents over to him when I have finished my speech and he can figure the prices out for himself.

Mr. DUNNING: I wish you would.

Mr. FOSTER: I am not giving this information to the House as taken from Belcher's Almanac, or some authority of that kind. These are facts which will stagger the English people themselves. I have only been able to examine the period from 1919 to 1922. Whether the same condition has obtained since then is another matter. However, the fact remains that the statement I made is correct according to the imports of the United Kingdom for the years mentioned.

Mr. EVANS: Is my hon. friend's statement true of wheat delivered in the same month to Great Britain from different parts of the world, or does it refer to a time when it was not possible to effect delivery on Canadian wheat?

Mr. FOSTER: I appreciate my hon. friend's question and perhaps the factors he speaks of entered into the situation. However, the cost of which I have reference was the average cost for all months. Of course the competition from Argentine and other countries during the months when our wheat is being marketed enters into the matter.

Now I want to make another observation in connection with the very important resolution we are now considering. It is that this government, or any government in power in Canada, can afford to let a great many of our undertakings in the matter of public works, stand for the time, and concentrate their attention and the attention of parliament upon these very important industries, the cattle industry, the agricultural industry, and above all the manufacturing industry. I believe we have got to find new avenues and new methods for the financing of new enterprises in this country, because it certainly will be utterly impossible for anybody to go out among the investing public—certainly no group of men in this House can do it—and get new capital for new industries; they will not be able to sell new preferred stock, or bonds, or common stock in new enterprises, directly the people become seized of the fact that double taxation will have to be paid—that is if that taxation remains. In any case, if it does not remain, the difficulties in a new country are to get money for the development of our industries, save and except that money which comes in in large developments through such sources as the International Pulp and Paper Company, and similar corporations, who bring in forty or fifty millions for the development of a water power or some other national monopoly. That is an investment entire and apart from those I have in mind, because back of that they have large properties upon which they can issue further bonds and stock, et cetera. But I am speaking of new capital for new industry, and it seems to me that in this particular line this government and this parliament has to devise some new method of assistance, in order that we may have new industrial life in this country, new agricultural life and new cattle industry in portions where it does not now exist. I believe it is possible to have this renewed vigour in a nation devoting itself to that financing and that development through private sources, if you will, or by whatever method may be devised, and we wil find here plenty of attraction for immigrants all over the country, even from the United States. Once we have provided the places to work in, which are infinitely more important than the places to live in, we will have immigration. If we provide places to work, whether in the workshop or on the farm, immigration will take place and those who come will stay here. Under present conditions the immigrants come, remain only a short time and pass on, and the thirty or forty millions we have spent in the last few years, so far as the sum total of development in our country is concerned, might as well, in my humble judgment, not be spent.

I support the resolution, not because I believe the appointment of the committee will bring us nearer to a solution this session, but because I think we should have all the information we can obtain on the industry from whatever source it comes, so as to be able to make up our minds what we can do. While I do not believe we can do much this session, I support the resolution for the reason I have given.

Hon. S. F. TOLMIE (Victoria, B.C.): I wish to congratulate the mover of this resolution (Mr. Coote) for having presented it to the House. While we cannot perhaps gain much new information, I think we may get light on some phase of the subject that will assist us in securing a partial solution of the situation as we find it. There is nothing more

important in my opinion in agriculture than the development of the live stock industry and of a mixed system of farming, in preference to a single crop system. I do not criticize or censure the man who settles on a new piece of land where Providence has supplied him with nitrogen, potash and phosphates, which he can help himself to in favourable years. I think he is quite right in getting himself established by securing as much natural wealth from the soil in the early years of his occupation as he can. These products assist him in becoming established. History will repeat itself on the new lands in Canada, as it has done in all parts of the continent of America; after a while that stored-up fertility of the soil will become exhausted and he will have to adopt a mixed system of farming, or live as some men do who grow wheat on poor soil in some other parts of the world.

I think it has been clearly shown that we can produce in Canada as high a quality of beef as can be grown anywhere. We have on more than one occasion shipped grass beef from Alberta to the Chicago market, where it has easily topped the market and obtained a higher price than the American beef sent from the various American states. We have also shipped some of our store cattle over to Great Britain, where they have been prepared and finished by the feeders on the other side, and in competition with the best British animals at some of their most important exhibitions have won the first prize. In British Columbia we produce a very high quality of beef on our ranges, and I wish to say that the taste of British Columbia bunch grass beef would attract a person under any conditions. We have in that province one of the largest cattle ranches in Canada. Among the various problems we have to meet in the cattle business are first, the production of good quality, secondly, the growing and finishing of those animals, and third, the spreading out of our marketing system over a greater period of the year. These are problems that can be controlled very largely by the farmer himself. In the first place, he requires to breed properly in order to produce the proper kind of beef; in the second place he must feed that beef liberally during the growing years, and then finish it off to a greater extent on our western plains and on our western farm lands than is being done at the present time. I quite understand that it requires a good deal of skill and perhaps some more expensive appliances in the feeding of cattle, although in the western country those animals feed out in the open, with the light brush found there as a protection, do much better than those tied up. In that great country where cheap food is easily secured the feeding of cattle should be profitable.

Another serious fault is rushing the cattle to market during the last three months of the year. I have seen train loads of cattle being sent out to the market at Winnipeg heading from the newer sections of the prairie provinces and these cattle looked as though they were bred for speed rather than for beef. It is no wonder they secured only a small price when they reached their destination.

With regard to freight rates, in a country with such large areas and huge distances the question of rates will always be an important matter in transporting the animals to market, and every effort should be made to lower the freight rates as far as possible. There are many problems in connection with the shipment of cattle across the Atlantic which have to be seriously considered, and the matter of fixing freight rates is not nearly so easy as one might be induced to think after hearing some of the remarks which have been made on this question. Return cargoes have to be looked for and many other things have to be taken into consideration before a solution of the problem can be found.

In regard to the shipment of chilled meat as compared with live beef to the British market, it has been solved long ago. Argentine can beat us in the matter of chilled beef. I was much surprised to find the uniform quality of the Argentine beef in the Smithfield market in London in 1921. The quarters were very similar, well-conditioned and even in quality, and much in demand by those who desired beef that had been chilled or frozen. However, the Britisher is perhaps the best judge of roast beef in the world—and he has not acquired his knowledge in a short time; he has acquired it after hundreds of years. At the time I was there fresh-killed beef was at least 50 per cent higher than the chilled article, so that it is reasonable to say that when the Britisher demands that quality of beef we must pay attention to that particular phase of our export market rather than attempt to make any experiment at the present time.

Again, Argentine is able to produce her beef at a very much lower cost. Therefore when it comes into competition with that beef on the other side our chances of success would not be good.

We have heard the United States referred to on two or three occasions to-night and I am quite sure that anyone familiar with the live stock business will admit at once that

the United States, situated as closely as it is on the south, is the natural market for our beef. But the people of the United States have something to say about that and we are not going to be able to remove that tariff until they feel inclined to do so and that it is to their benefit to have the tariff removed. The range cattle men of the United States cover a large part of Texas, Arizona, New Mexico, Montana, Wyoming, Idaho, eastern Washington and Oregon, parts of California and Nevada. These men are producing meat under the same conditions as our men on the western prairies. They are looking for a market in the corn-belt. It is these men who together with many other farmers brought pressure to bear on the United States government in 1920 and brought in the emergency tariff at that time to be followed shortly afterwards by what is known as the Fordney tariff.

Therefore the United States farmers are not inclined to favour the removal of the tariff and I am rather surprised to hear that there have been some large meetings of farmers asking for this. I would imagine they would be largely influenced by the Democratic party. Only a week or two ago I quoted a number of articles from various live stock papers in the United States clearly showing that when the dairy industry was in jeopardy only a few months ago the United States did not hesitate to increase their tariff on butter by 50 per cent. In addition to that, resolutions I quoted showed that they desired an increased tariff on canned meats, hides and some of the other by-products of cattle.

With regard to the British market I think at the present time we might supply animals of better quality. As I said a short time ago better breeding of our live stock and better feeding of these animals during the growing period will, if carried on in this country, have good results in relation to our success in the British market. We are a little short of animals of as high a quality as might be desired and there is some inclination on the part of some shippers to fill out shipments of cattle with animals of an inferior quality. This is not going to help our market in Great Britain. We have established a high standard there and we should maintain it so as to keep Canadian cattle continuously in demand in that country.

Another very important market is the home market and we should produce beef of a better quality. I will never forget attending the annual meeting of the Aberdeen Angus Breeders' Association in the city of Brandon a few years ago when beef was served from prize steers. This was the finest beef I ever tasted in this or any other country and anyone getting a taste of such beef as that would want as much of the same quality as he could possibly get. One of the reasons why people do not consume more beef in this country is because they frequently get beef of a very poor quality. Just to-night I faced a piece of roast beef that I had to give up after arguing my way through half of it. It was so tough it would drive a hungry man away from a chuck wagon. It is by raising a high quality of beef and putting it on the market so that it will be more attractive to the consumer that we shall help to build up our home market.

Beef has to face the competition of discarded old dairy cows that have done years of service in the dairy business and that have earned their cost over and over again. When they reach an age when they are of no more profit in the dairy business they are sent to the packing house. If we produce more of a good quality of beef to come into competition with those animals, we can drive them into a can or a sausage casing, which is where they really belong.

We should make every effort to gain entry into Great Britain with our dairy cattle. We have been more progressive than any other country in the world in cleaning up our dairy herds and placing them on a good, sound healthy basis by the use of the tuberculin test. We have developed the producing quality of our dairy animals to a great extent so that they will be in demand in any country in the world. We have on more than one occasion held the dairy record for the production of milk and butter, and after looking over some of the dairy herds of Great Britain I am quite sure they could be much improved by the addition of some good Canadian cattle.

I heard the hon. member for South Huron (Mr. McMillan) comparing farming conditions in Canada with those in Great Britain. The farmer in Great Britain is not a pioneer farmer; he is on a farm that has been cultivated for many ears. He is farming land that is under drained, that has probably permanent fences and permanent buildings, and in that way he does not have to invest much money on capital account. In my farming operations west of the mountains I have always found that when I get a little bit of money saved up I have somewhere to put it, such as in clearing land, putting up a fence or new buildings, or draining land. The British farmer has not these things to do and he is consequently able to put more money aside where a reasonable profit can be made.

I am rather surprised to hear the statement about the United States farmers not desiring a tariff, because as I said a moment ago the government did not hesitate to increase the tariff in the United States on dairy butter once the farmers made an appeal to have that done. With regard to the Haugen bill, which has been referred to on more than one occasion to-night, this had its object, if I understand it correctly, the assistance of the United States congress in finding a market for the surplus products of the farmers of that country. The great objection to this, I understand, is that if a price was set above the normal market prices of the world it would cause a tremendous increase in the production of these particular products with the result that it would be very difficult to find a market for the surplus, and the deficit would have to be carried by the United States government.

I listened with a great deal of interest to the hon. member for South Huron, who I know is an expert in the breeding of beef cattle, a gentleman whom I met on Farmers' Institute platforms years ago west of the mountains, and who is well known to the beef producers of Canada. I heard him a few minutes ago speaking about the wonderful market in the United States. I quite agree with him. He also referred to

10 p.m.

that market of moneyed men in the larger and more populous centres, the men in those centres who would demand a nice thick, juicy steak from a choice steer and who are not afraid to pay for it. In some of the United States hotels it is not uncommon to pay as high as three dollars for such a steak. Let me ask my hon. friend how those conditions were created in that country. How did they get their wealth? Why are those people able to pay those high prices for the products of the farm? This has occurred in a country that has maintained for many years the highest protection in the world. They have conserved for their people the wealth of that country; they have conserved for themselves their own market, and just as soon as we get sense enough to plug up the leak in Canada, to keep our home market for ourselves and keep our young men at home, we shall enjoy our full measure of prosperity.

The hon. member sitting to my right (Mr. Maclean) also referred to a proposal of his to combine the two great railways of Canada. I have been informed by some of our largest shippers that if there is one thing in the world they do not want it is a combination of these two roads. They said that while freight rates were fixed on the same basis on these two roads, still there was a great deal of competition for the business, which was very beneficial to the live stock owners, and as a result they got their cars much quicker and in better condition and the animals were handled much more expeditiously to the market than under the old conditions when one railway controlled the whole situation.

I have very much pleasure, Mr. Speaker, in suporting the resolution.

Hon. W. R. MOTHERWELL (Minister of Agriculture): Mr. Speaker, I find myself largely in agreement with the very excellent remarks of the hon. member for Victoria (Mr. Tolmie). Indeed, I doubt very much if we could work up any controversy over a resolution with the spirit of which most of us seem to be in hearty accord. I think it is generally accepted that we can not have agriculture in a permanent and sound condition without some form of live stock. It will be recalled that after the war probably no line of agriculture was more severely hit by the terrible deflation of 1920 than live stock. Most of us expected there would be a tremendous slump in grain prices, and many farmers thought they would make provision for it by going more largely into live stock, only to be hit at least as quickly and sometimes more fatally than were the grain-growers. It was because of that deflation, and of the further fact that we were shut out of the American market by the tariff and had not yet acquired the British market by the removal of the embargo, that our live stock men found themselves wrestling with three difficulties—terrible deflation of price, exclusion from the American market, and the British market still closed to them. As a result the live stock industry, especially in the ranching country, was struck a staggering blow and for a while we were afraid it would disappear. Since then there been a marked improvement, especially during the last two or three years, not only in the quantity and quality of our live stock but also in prices and profits.

Just a word on the British market. While it is far away it has many advantages. There are three conditions we must comply with before we can get in there and stay: one is quantity, the next is quality, and the third is continuity of supply. There is a general opinion that if we have a run of cattle in the early spring and another in the fall, that will suit the British market. This is not correct according to my information. That market will take Canadian cattle every week and every month of the year, provided you have the right kind to offer. What we have shipped

so far is only a bagatelle required with the aggregate requirements of that market.

Why is it we need more quantity now? It is true that the quantity that is being shipped to-day to Great Britain as compared with 1922, the year before the embargo was taken off, has increased 500 per cent, and during the same period our shipments to the United States have decreased 230 per cent leaving a slight net gain in the aggregate of our shipments. But why are there not more? I can remember when almost every farmer of western Ontario had a fine bunch of steers which he turned out for the admiration of the visitor. Down in the Maritimes, adjacent to the bay of Fundy, where the hay barns sometimes are full to overflowing, with the hay market gone and no stock to feed it to, why are they not shipping more beef stockers to the British market? I wonder if we have lost the desire for the constant work that usually goes with fattening live stock? Or is it because our youths for the most part have left the eastern farms and are doing this work out west? Whatever the reason may be, we have to start over again and build up this industry. Therefore, is it not natural that it should take time to build it up? For thirty long years this industry with the Old Country was destroyed, and now we have to build it up almost from the bottom. During the three short years we have been able to increase our shipments, as I say, by 500 per cent, though we have to admit during the same time a decrease in our business with the United States of 230 per cent.

The fact that we are deprived largely of the American market has driven us to the overseas market and has had the effect of improving the quality of our stock; because nothing but quality can afford to pay the freight rates for that tremendous distance. To that extent, perhaps, we have benefited. That is to say, the more remote your market, the higher the quality of the goods must be to stand the freight carrying charges. The poorer the quality of your live cattle, the nearer at home you must market them because they will not carry themselves to the distant market. Consequently we have an incidental advantage in the improvement of our stock. I do not take much consolation from that fact, for I should like to have both the American and the British market, but having been deprived of the former, it was nothing but a godsend that shortly after we secured practically free access to the latter. Continuity means that we must be in the business in earnest, shipping every month of the year, so that those who have gratified their appetite for our cattle can look forward to getting a constant supply.

My good friend from Marquette (Mr. Mullins), whom we always like to hear on the cattle industry, is no milk and water admirer, he is a real live stock man. He may not feed very many live stock, but he understands the game and he is in it heart and money and everything else I expect. But sometimes he makes remarks that may leave the impression that if I chose to do so I could dig up some real cheap freight rates, and could even command the waves. Well, my hon. friend will remember we made a rather futile attempt to do something in the direction of lower ocean rates a year ago. Maybe if it had been made at some other time than what was supposed to be just before a general election, the effort would have been received with some degree of unanimity on all sides. Nevertheless it was a gesture in the direction that my hon. friend desires, and it is to be hoped that in the not too distant future another effort will be made. At all events I think it is required. But under the present method of shipping our co-operative marketing facilities have not reached the stage where they can ensure that boats at Montreal, Quebec or St. John will be filled shortly after arrival in port. That is the trouble. By actual working out we find that at least in the first two years after the embargo was taken off, 30 per cent of the space for cattle was not utilized. How can we get cheap freight rates when at times only 70 per cent of the space is filled on the return trip? It is a matter of evolution, but our boats at the various ports must be met systematically with our shipments of cattle and practically every space be filled so that those may earn the fullest possible revenue.

I am not as free to speak as the hon. member for Marquette, but I do not find myself entirely in sympathy with his desire for a cheaper freight rate. I can assure him that there is no great shortage of space at present. His information is that spaces are short and that some of our space brokers in Montreal could place lots of cattle if they had the boats. That is not our information; they have succeeded in concealing that condition from the Live Stock branch. If there is any shortage of spaces I can assure my hon. friend that I would be very glad to know of it, but that is not my information.

Mr. MULLINS: Is the hon. gentleman aware that the Welshman, the largest carrier out of Montreal, is laid up, and that the Ionian has been taken off the run, leaving a shortage of ocean space?

Mr. MOTHERWELL: The actions of these big shipping companies are very mysterious, and I will not pretend to account for them. But at all events there is a tremendous market in England, able to consume anything we are likely to produce during our lifetime. We are now only shipping a bagatelle, but we are trying to encourage the production of cattle in Canada. Cheap rates are being given eastern buyers in order that they may go west to buy cattle, shows are being promoted in the west, and the result is that the feeding of cattle in winter has been stimulated since the British market was opened.

I might just add a word or two to what was said by the hon. member for Victoria regarding the remaining restrictions against Canadian cattle. I do not want to criticize too much; I think we have made good progress, but there are still restrictions against our cows which might be investigated by this committee, and a case might be prepared for the Imperial conference which is to take place some time in October. Representations might be made to the home government to put Canada on a parity with Ireland with respect not only to stockers but other cattle as well. A committee of the English House, after debating this question last year, strongly recommended that no discrimination should be made against one overseas dominion as compared with another in the matter of the shipment of live cattle. That referred to Canada, of course, and our representative was largely instrumental in having that resolution passed.

So much for the British market. I would now like to say a word about the American market. I do not wish to revive the old question of reciprocity with the United States; I do not think it is a live question except to certain individuals. Some day it may come to life again, but just now there seems to be only a hope on the part of Canada that something may be done. This hope is not shared by the hon. member for Victoria; he does not think there is much sign on the horizon that the United States will reduce the duty against our cattle. Nevertheless, in 1923 Right Hon. Mr. Fielding brought down an amendment to the Customs Act, which I would like to read:

If the president of the United States, under authority of the United States Tariff Act of 1922, determines to reduce the duties imposed by such act on the following articles, that is to say:

Cattle; wheat, wheat flour; oats; barley; potatoes; onions; turnips; hay; fish as enumerated in paragraphs 717, 718, 719 and 720 of the said tariff of 1922, the Governor in Council may by order in council make such reductions of duties on such articles imported into Canada from the United States as may be deemed reasonable by way of compensation for such reductions on Canadian products imported into the United States.

It was then thought that this would constitute a friendly gesture towards the United States in the way of reciprocal relations on these specified products. Speaking from memory I think nothing materialized from that amendment. As the hon. member for Macleod pointed out, Mr. Tom King, speaking last winter at a meeting in Saskatoon, drew attention to the fact that we in Canada could not expect to have any particular move made by the government of the United States towards a reduction of duty while we maintained a tariff of 25 per cent against American live stock. For a time our live stock went freely into the United States, before the Fordney tariff was established while we maintained a 25 per cent duty against importations from that country, and Mr. King pointed out that the first step we should take in Canada was to make it plain what we meant by the term "as may be deemed reasonable by way of compensation for such reductions on Canadian products imported into the United States." In this connection the following order in council was passed by the present government on May 18, 1926:

At the Government House at Ottawa,
Tuesday, the 18th day of May, 1926.
Present:

The Deputy of His Excellency
The Governor General in Council:

Whereas section 80 of the Customs Tariff Act, 1907, as amended by chapter 42 of the statutes of 1923 reads as follows:

"8C. If the president of the United States, under authority of the United States Tariff Act of 1922, determines to reduce the duties imposed by such act on the following articles, that is to say:

Cattle; wheat; wheat flour; oats; barley; potatoes; onions; turnips; hay; fish as enumerated in paragraphs 717, 718, 719 and 720 of the said tariff of 1922, the Governor in Council may by order in council make such reductions of duties on such articles imported into Canada from the United States as may be deemed reasonable by way of compensation for such reductions on Canadian products imported into the United States."

And whereas the time would seem to be opportune in so far as cattle are concerned for the taking of such action on the part of Canada as is possible, looking toward the freer exchange of agricultural products between the United States and this Dominion:

Therefore the Deputy of His Excellency the Governor General in Council, on the recommendation of the Minister of Agriculture, is pleased to authorize and doth hereby authorize and instruct the Minister of Finance to take such action as may be necessary towards the reduction of duties on cattle entering Canada

from the United States in the event of the United States reducing the duties on Canadian cattle entering their country, the reduction in Canadian duties on cattle to be in the same proportion to the present duty as the reduction in the United States duty is to the present United States duty.

That is to say, every advance made by the United States government in the way of a reduction in duty on Canadian cattle will be met by a corresponding reduction in the Canadian duty against American cattle. So it will be seen that according to this order in council we have a brick for brick policy; that is to say, every brick the Americans take off the tariff wall against us will be met with the removal of a corresponding brick from our tariff wall against American cattle. There is this outstanding difference between our policy and that of our hon. friends opposite. They usually speak of their policy as brick for brick in a wall that is being built up. Our policy is a brick for brick downwards. I shall not dilate on that except to say that we just as well as our friends opposite, have a brick for brick policy, but ours is brick for brick downwards.

Mr. HANSON: That is the policy of destruction.

Mr. MOTHERWELL: I do not think my hon. friend will take much exception to this. Exceptions prove the rule, you know. On occasions like this we do not want anything but a real good discusion of this very important question. I do not know that the American people are ready yet, but we will be ready on this side, ready to come downward the moment there is any such indication on the other side.

Mr. SUTHERLAND (South Oxford): Why does not the minister use the tariff against them on the things they want to sell to us? Then he would be in a position to get them to come to some understanding.

Mr. MOTHERWELL: What, for instance?

Mr. SUTHERLAND (South Oxford): Many things.

Mr. MOTHERWELL: On wheat? The wheat growers would not stand for that.

Mr. SUTHERLAND (South Oxford): My hon. friend understands that they are not selling wheat to us.

Mr. MOTHERWELL: But we are to them.

Mr. SUTHERLAND (South Oxford): We are buying about $120,000,000 a year more goods from them than we are selling to them.

Mr. MOTHERWELL: It has been suggested by some that we might put an export duty on wheat and hold that over them as a lever in order to get concessions for our cattle. I do not preach the doctrine that the end justifies the means, although I would like to see access for our cattle to the American market.

Mr. SUTHERLAND (South Oxford): I thought the minister had in mind a brick for brick policy.

Mr. MOTHERWELL: Yes, brick for brick downwards.

Mr. HANSON: In this very connection, does the minister know of any responsible member of the Republican party who has at any time within the last five years expressed adherence to the principles he is now trying to enunciate?

Mr. MOTHERWELL: No, I do not think they have.

Mr. HANSON: Not one.

Mr. MOTHERWELL: But just as soon as their urban population get into the same frame of mind as they were in in 1910, and cry out for cheaper meat, they are going to get access to meat from Canada and elsewhere. The time was ripe for action then. That time has not recurred; it may recur sooner than we expect, and we propose to be ready, aye ready, for that occasion.

Mr. ANDERSON (Halton): Whom did Mr. Tom King represent when he was making those statements in the Canadian west?

Mr. MOTHERWELL: He is a Canadian correspondent at Washington and seems to be giving the news for all parties. We see his articles in our press, and he is usually looked upon as a reliable dispenser of news on agricultural matters.

Mr. ANDERSON (Halton): Was he not representing somebody from the United States when he made those statements in the west?

Mr. MOTHERWELL: He might have been, but I have found him a very level-headed gentleman.

I would judge from the remarks of the hon. member for Macleod (Mr. Coote) that he had in mind the desirability of securing the American market for our beef animals, our stockers, and such like. I presume he will agree as to the advisability of extending the scope of this inquiry to dairy cattle and breeding cattle.

He does not differentiate between them, but simply speaks of the cattle industry. With that in mind, may I say a word with regard to our dairy cattle industry in this country?

We are making good progress, I think, with regard to dairying, especially of recent years, particularly with regard to the export of butter and still more with regard to the quality and quantity of our exports of cheese. Cheese is the standby of the average Ontario farmer. It is to him what wheat is to the western farmer. It is the chief source of revenue of many of the farms here in Ontario. When you look up the statistics and find that the average production of milk per cow in Canada is less than 4,000 pounds per annum, I do not see how some of these cattle are worth carrying over. The production of some runs to twice that amount, and consequently some must run to only half that amount, and with the drag on the industry of a large number of dairy cattle not paying their board, it seems to me that if it was only for that one thing the committee might do a lot of educational work by pointing out, if it be for the one-hundreth time, the advisability of culling out these animals from our dairy herds. It is distressing. They take up just as much room in the stable, eat practically the same amount of feed as the good producers, and the result from these culls is negligible, and the little bit they do give they are very often unwilling to give, and you have to run around all over the shop after them. I can think of no greater drag on the dairy industry. My hon. friends opposite may blame that on the Australian treaty. I do not think so, even accepting their viewpoint of the treaty. Examine the dairy herds within a certain radius of this city. Go out in the middle of summer and see the calves out in the open, with not a twig to shade them from the burning sun, wagging their little tails off shaking off the flies, wearing themselves out in their infancy—that is the way they are preparing themselves to become dairy cows. It will not do. We have a lot to learn yet.

It is amazing to me that with this disability, and with the further disability of the small cheese factories with their small output per factory, and the consequent higher cost, that we stand top of the ladder to-day in the British market in regard to the quality and quantity of our cheese. We would be several notches higher still, and the farmer would have more profit in his pocket at the end of the year, if we removed these disabilities. A lot of the men with good herds are doing well, but, on the other hand, the man who has only this kind of herd, whose cows milk for only six or seven months of the year, who tries to economize on feed in the winter and turns his dairy cattle out in the spring so poor that it takes half the summer to get the old hair off, cannot succeed. I think, therefore, if the hon. member for Macleod will open the door wide enough and have the committee consider the improving of the individual dairy unit, which is the cow, it will be worth while. The improvement of the quality of our dairy products in western Canada has been very gratifying. We have come to it gradually. Someone has said that if you abuse this old earth of ours by bad farming, sooner or later that earth will discipline you, and by climatic or other conditions will compel you to adopt some system of farming that will enrich the fertility of the soil. We are learning that lesson.

I would not presume to speak authoritatively regarding agriculture in the Maritime provinces, but if there is one thing agriculture needs in the Maritime provinces more than another it is live stock, particularly around the bay of Fundy where they have such an abundance of feed and frequently nothing to feed it to. By way of encouraging them, at a number of our experimental farms down there last winter we put on a bunch of feeder steers to demonstrate what could be done in feeding steers and getting them ready to ship to the British market. The Maritimes are right at the front door of Canada, and shippers of cattle in the Maritimes are better off by $19 per head than the shipper of cattle at Regina or Saskatoon We in the west have to pay $19 more freight in shipping our cattle to the British market. They have nothing but ocean transportation, while we have the long land haul with its consequent increase in cost. It is true that there are other conditions as to which we enjoy an advantage, but I am satisfied the Maritime provinces are starting out on an era of improved agriculture. I had an opportunity of discussing the matter with some of the public men down there, some of the ministers of agriculture, and they impressed me very much with having the right slant on some of the things that are wrong in the Maritime provinces. You can get wheat gliding through their ports on a scale of ten and twenty million bushels if you like; but what you want is something that will develop new wealth and production, and, instead of importing farm products as they are in many cases, exporting them to the markets of the world.

I would suggest to the hon. member for Macleod that he take advantage of an exist-

ing committee instead of asking for the appointment of a special committee when we feel that we have just about had a surfeit of special committees this session. We are all looking to the time when this session will close. Prorogation we hope is not too far off in the distance, and instead of organizing a special committee at this time, which would make it more difficult than ever to carry on morning sessions in the course of a week or two, why not take advantage of the select standing committee on Agriculture and Colonization, or some committee that is already constituted? If such committee is too large the question might be referred to a subcommittee. I would have much preferred had this resolution come up for discussion earlier in the session, because there was a long period—three or four months, three months anyway—when the Agricultural committee had nothing to do but kick their heels waiting for something to turn up. That would have been an excellent opportunity, when we were wasting our time in other respects, to have referred the whole question to them. However, that opportunity is past, and it is no use in expressing regret over the fact. But I would suggest that even now the subject would receive more attention from the select standing committee on Agriculture and Colonization than a special committee would be able to give it at this period of the session.

However, whether or not my hon. friend accepts that suggestion I am going to support his resolution. There is no reason why, either at this session or at another session, we should not have a useful discussion on how to improve the live stock industry of Canada. Because it is not keeping pace, not even in the matter of production. There is a popular idea that the question of production does not enter into the problem at all. My experience is that if you have a good export steer it is half sold, there is no doubt about it. But it does not follow that because you get that far you should stop there. The great question of co-operative marketing is still in its infancy in Canada. But the evolution stage is proceeding rapidly from one stage of perfection to another, and when the process of co-operation is carried out to its fullest extent with the result of saving the greatest possible amount of time and money, then producers will realize better prices for their animals. It is sometimes asked: What can we do? Well, the situation here is the same as in the case of any other gospel, the gospel of salvation for example, or of better markets. You have got to keep talking about it and pointing out methods of improvement in order to get people to listen.

Mr. DONALD SUTHERLAND (South Oxford): I have listened with much interest to the remarks made by different speakers on this resolution, and particularly to the remarks offered by the Minister of Agriculture (Mr. Motherwell) who would naturally be supposed to be in close touch with the whole question, and in view of the fact that he has been engaged in agriculture all his life would be regarded as having as intimate a knowledge of the whole subject as anyone in Canada. I regret, however, that the Minister has taken his seat without throwing very much light on this much vexed question. It is true he told us that agriculture is on the eve of a great development, that good times are in store for us, and that the government passed an order in council in 1926 offering certain concessions to the people across the line if they would only allow our cattle access to the markets of the United States; but no solution of the difficulty is suggested. The hon. member for Macleod (Mr. Coote) I observe, has had this resolution on the order paper since January 29, upwards of four months, and as the minister says that in all probability the session will close in the course of a few weeks we may not have an opportunity to go into the matter in detail even though a special committee were appointed.

In closing the minister touched upon the subject of co-operative marketing, a matter which might well have occupied the attention of himself and his department. But so far as I can see the government have been absolutely asleep at the switch in regard to action on their part. It is true that in western Canada something along the line of co-operation has been done during the last year with regard to the marketing of wheat and grain grown in those provinces, and I am quite confident and quite hopeful that good will result from those efforts and that it will blaze the way for other branches of agriculture making progress along similar lines. But in the meantime what has the federal Department of Agriculture been doing in the matter. We are spending upwards of $6,000,000 per year on this department and the head of that department admits to-night that they are not doing anything in regard to co-operative marketing. It is true, he says, there are great possibilities along that line and that we are on the eve of a great era of development, but so far as his own department is concerned, I cannot see that it is doing very much in the way of encouraging development.

The minister says that the average milk production of the dairy cow is below what it should be, that the people are not providing proper shelter for young and growing stock,

and so on. It is all very well for the minister to criticize those who are endeavouring to carry on in this country, but let me tell him that to my mind there is no one so much in need of censure for his lack of doing what he ought to do for the live stock industry as the Minister of Agriculture.

Mr. MOTHERWELL: As to what?

Mr. SUTHERLAND (South Oxford): For not doing anything with the amount of money which is spent on the department over which the minister presides.

Mr. MOTHERWELL: Will my hon. friend enumerate some of the things I have not done that I should have done? I am asking the question seriously.

Mr. SUTHERLAND (South Oxford): You are doing a lot in the matter of grading, it is true. You are appointing graders and inspectors, not for beef cattle, it may be, but for hogs for the convenience of the packing companies. You have inspectors in all the packing plants to grade the intake and there is not a pound of bacon passing out of them that you have any check or control over as to grade. The government have been spending enormous sums of money in grading for the benefit of the packers.

Mr. MOTHERWELL: That is nonsense absolutely.

Mr. SUTHERLAND (South Oxford): The minister says it is nonsense but let me tell him that he cannot sit there and say things of that kind. Let him, first of all, look at the records in his own department and he will find that the lower grades have been in a tremendous majority while the selects form a very small percentage indeed and no attempt has been made to grade the output of the packing companies. And the same thing applies now with regard to wheat and eggs and many other things which the department is grading. What percentage of the eggs produced in this country are paid for on the basis of extras or extra specials? A trifling quantity. Yet the packer has taken advantage of what the government are doing and reaping the benefits from the grading along this line. The same thing happens in regard to the wheat. The wheat pool in the west I believe is endeavouring to secure the control of their wheat until it is placed on the market. They are endeavouring to obtain the advantages which heretofore went to those who were changing the grade of their grain after it had passed out of their control at the terminal elevators. This is what the Minister of Agriculture is doing all along the line with an army of inspectors and graders all through the country. The department is costing $6,000,000 a year and the government is looking after the interest of those dealing in the produce of the farm rather than the farmer. They say, "Oh if the farmer would only produce more?" What inducement is there to do so? The minister says that the winters are long and the cattle come out poor. There are thousands of farmers who are carrying on in the winter months producing the articles which are produced during the summer months, doing it well, it is true, under a handicap as to climate. What encouragement are they receiving from the government? All I have to do is to refer to the remarks of the Minister of Finance a year ago in this House. He said:

> Why is it of advantage for Canada ta make a trade agreement with Australia? Well, the seasons in the two countries are exactly opposite. It is now summer in Canada,—the growing period; it is winter is Australia. To-day our commission merchants have their agents throughout the country buying eggs, butter and cheese, to place in cold storage, on which they will have to pay storage charges, interest and insurance. Those carrying charges will be paid by the Canadian breaksfast table next winter. But we will be saved this burden if we can effect an economic arrangement with Australia whereby there will be a continual flow of these products from our sister commonwealth, while we are shipping our products to the United Kingdom.

During the months of the year when it is costly to produce in this country the minister will encourage imports from Australia and New Zealand to ship their products to Canada. Let me tell the minister that during the four months of the present year there have been upwards of 7,000,000 pounds of butter brought in as a result of the treaty made with Australia—subsequently extended to New Zealand—something that never happened in a like period before.

Mr. MOTHERWELL: It was more than that in 1915 and 1916.

Mr. SUTHERLAND (South Oxford): I said in four months. There was never a time in the history of Canada when for a like period so much was imported.

Mr. MOTHERWELL: Oh yes.

Mr. SUTHERLAND (South Oxford): The minister says he is going to cheapen the cost of the breakfast table. That is apparently the object in view and not the development of agriculture. I could not help but imagine how the Americans must have smiled when they read the order in council passed by the government. "If you will only allow our cattle to have access to your market, we will do the same for you." It is the American people the minister is looking after and not

the Canadian people at all. Those who listened to the president of the United States a year ago last fall at the Chicago winter fair will realize that they have no intention of lowering the duty to compel the farmers of the United States to compete with imports of cattle or anything else from this country. That is not their object at all, when the president stated that if it was found that the American farmer was suffering from the competition of other countries the tariff would be increased to protect him. The American does not look upon this matter the way hon. gentlemen opposite looks upon it. In the United States they have appointed a tariff commission to look after their interests. I have here the ninth report of the tariff commission of the United States. How do they look at these matters? There they ascertain the cost of production, and the Minister of Agriculture, with his $6,000,000 annual expenditure, is not able to tell us the cost of production of a single thing grown on the farm.

Mr. MOTHERWELL: I can tell the hon. member the cost of every one.

Mr. SUTHERLAND (South Oxford): I hope the minister will at last be able to give us this information rather than to indulge in the generalities he has indulged in to-night. What does the tariff commission of the United States say in regard to their objective? It says:

> The law seeks to provide a mathematical formula for the equalization of costs of production in accordance with the provision of section 315. If, for example, the existing duty on a particular commodity does not equalize, as between the foreign and domestic manufacturer, production costs ascertained as provided in the statute, it is the function of the tariff commission to make investigations to assist the president to find a rate which will tend to correct the inequality.

The object they have is to ascertain the cost of production in their own country and in other countries, and if something can be produced in a foreign country cheaper than in the United States, then they put up the tariff to protect their people. I know that the matter of tariff, or the safeguarding of industries, or protection, the elimination of competition or whatever you see fit to call it, is not a popular issue with many people. Personally I would prefer to see free trade indulged in by all the countries of the world. In that case I believe we could hold our own with the best of them, but unfortunately the attitude of other countries is to increase their tariff in order to protect their own people against the imports of other countries, and we have to deal with the conditions with which we are confronted rather than with some ideal which we may have in our mind and which we would like to see in effect.

The cattle industry of this country is undoubtedly the very foundation upon which successful agriculture must be built up, and if the cattle industry is not successful then the agricultural industry is not successful, and we may just as well brush to one side all these generalities which the Minister of Agriculture indulged in with regard to what ought to be done. One of the essentials is a better and cheaper arrangement for the transportation of live stock in this country, particularly beef and store cattle, on account of the different conditions to be found in different provinces. In some sections it is apparent that while they can raise young cattle they find some difficulty in finishing them on account of the lack of suitable accommodation as to shelter and feed. I do not believe the climatic conditions are so very difficult to overcome, but I do realize that with the costs of tronsportation for short hauls in the old provinces, which have been not only doubled but nearly trebled in the last twenty years, great difficulties are encountered. We have not as good a rate for shipment of live stock as is enjoyed by the shippers of many other commodities. This is a matter that ought to be pressed as forcibly as possible upon the Board of Railway Commissioners, in order that better rates may be given for the transportation of cattle than now obtain. The United States market is undoubtedly a good one. When we realize that despite their high tariff against our cattle, immense numbers are still being shipped across the line, we fully appreciate what we lost when they raised the tariff against importations from Canada. That, however, is their business and it is something that we cannot force them to give way on.

Nevertheless we are in a most favourable position by reason of the fact that in all this northern country, northern Ontario, northern Quebec, British Columbia, while the Americans to-day practically control the greatest proportion of our pulp lands and many of our water-powers, and they are taking our raw material in immense quantities across the line to manufacture them over there. It is our duty to look after our people and their interests and if we do that in a scientific way we can very quickly obtain these concessions from the United States instead of going begging to them, as the minister apparently has been doing and saying: Oh, if you will only remove the tariff off our cattle we will remove our tariff on yours, or something that it is immaterial to you

whether we remove it or not. You will never obtain anything by methods of that kind.

This is one of the most important questions that can come before parliament. It is something that has been before parliament ever since we met this session. But instead of the government doing something along the line advocated by the hon. member for Macleod, there has been a constant knocking, knocking of agriculture from the beginning to the present by encouraging the importation of agricultural products from countries where they can be produced more cheaply than in Canada. The minister steps down now and says that the blame is on all those farmers who produce this inferior stock and tells them to produce better stock. Only two years ago he was predicting that the day would come when stores would be opened in the large cities of this country retailing the agricultural products of Australia and New Zealand. Since that time he has removed what little protection we had against importations which were then coming in from those countries. Only three or four weeks before the last general election an order in council was put through on the quiet, without publicity, and the same concessions which had been granted to Australia were extended to New Zealand. I placed a motion on the order paper asking for the correspondence which had taken place. Was there any correspondence on behalf of the Minister of Agriculture with the government of New Zealand in regard to why those concessions should be granted? There was not a scratch of the pen to show that any correspondence had taken place between the two governments or any members of the government. The government granted those concessions to New Zealand without obtaining anything in return from the sister dominion, although it maintains a high protective tariff against us.

Why was this done? The Minister of Finance (Mr. Robb) stated this year: Oh, we were afraid they were going to raise the tariff on newsprint and paper; that is the reason why we granted the concessions to New Zealand and sacrificed the interest of agriculture. These concessions were not asked for by New Zealand, but the government granted them under pressure from somebody, not those engaged in agriculture, and I defy the Minister of Agriculture to show where, since he has been minister, he has shown that he has had the interests of agriculture at heart and that he has not given way to those engaged in some other occupation to gratify their desires.

[Mr. D. Sutherland.]

Oh, but he will say, we got the British embargo removed from Canadian cattle. It is true that the embargo was removed while this government was in office, but the hon. gentleman sitting in front of me, the hon. member for South Winnipeg (Mr. Rogers) was the man who started that matter and who secured from the British government a promise that the embargo would be removed. This was under pressure, because the British people believe in carrying out their promises, and they adopted this policy not on account of any disease amongst our cattle but as a means of protecting their farmers, because they have a protective policy just as much as any other country in the world. That was the reason why they put that embargo into effect and when they were charged with breach of faith with those to whom they had made the promise they realized that it was up to them to remove the embargo. The embargo, I will admit, was removed while the minister was in office, and he wants to carry off all the glory for having had it removed.

Mr. MOTHERWELL: I have always given my predecessors every credit.

Mr. SUTHERLAND (South Oxford): The minister took good care to-night to claim all the credit he could for it.

Mr. MOTHERWELL: I did not.

Mr. SUTHERLAND (South Oxford): I did not hear him give his predecessors much credit for what was done along that line. I have a list of the imports of agricultural products and it is really startling to learn that a country with such immense agricultural possibilities as we have should be importing such large quantities of agricultural products. This goes to show the effect of a policy such as we have in this country where the government are not protecting the people but are allowing surplus products from other countries to come in at certain times when the cost of production is high so as to destroy the market absolutely. The result is that the farmers become discouraged and say: Well, if that is the kind of treatment we are to receive we will go out of business. People can go out of business more easily than they can stay in an unprofitable business, and that is the reason why they are going across the line just as fast to-day as they ever were.

I was born in this country; I have been engaged in agriculture all my life, and I have been hopeful that the great possibilities of agriculture in Canada would eventually be realized and that we would obtain the full

advantage to which we are naturally entitled. But I must confess that as the days and the years pass I have reached the conclusion that if the present policy is to be continued and applied to agriculture, all I can say is: God help those who are engaged in agriculture in Canada.

Mr. G. G. COOTE (Macleod): Mr. Speaker—

Mr. DEPUTY SPEAKER: If the hon. member for Macleod exercises the privilege of replying he closes the debate. If any other hon. member desires to speak he should do so now.

Mr. COOTE: I would like to make only one or two remarks before closing the debate. The first is in regard to a statement made by the Minister of Agriculture (Mr. Motherwell) that it is unfortunate that this motion did not come up earlier in the session. I assure you, Mr. Speaker, I would have been glad to have it come up much earlier in the session, but unfortunately the government took most of the private members' days since the beginning of the session and if my memory serves me aright we have so far only had four Mondays as private members' days. I hope that in later sessions of this parliament the government will not need to take private members' days; that they will find some method of improving the rules of the House so that we shall not have debates on the Address in reply to the Speech from the Throne lasting six weeeks and budget debates lasting five weeks. If this parliament is to function as a legislative body it is necessary that some change in the rules should be made. I do not want to get away from the question under discussion to debate the rules of the House, but during the last three months I have sat here very impatiently wondering if we would ever get down to business.

11 p.m.

I am going to accept the suggestion of the Minister of Agriculture, and if the House will permit I will ask the hon. member for Lethbridge (Mr. Jelliff) to move an amendment asking that this matter be referred to the select standing committee on Agriculture and Colonization. Before I sit down I would like to say just one word in regard to the question raised by the Minister of Agriculture who cannot understand why the farmers of Canada do not produce more cattle for the British market. As I pointed out to him this afternoon in my remarks, the steer that the farmer does produce now for export brings him only 50 per cent of the purchasing power of 1913, and he was not making any inordinate profit then. That is the reason why we are asking for this committee to-day. I hope my good friend from Lethbridge will now move an amendment asking that this matter be referred to the standing committee on Agriculture.

Mr. DEPUTY SPEAKER: I might point out to the hon. member that by unanimous consent it would not be necessary for the hon. member for Lethbridge to move an amendment. The motion could be carried, with the understanding that it be referred to the standing committee on Agriculture.

Mr. COOTE: With the unanimous consent of the House I will be very glad to make that motion.

Some hon. MEMBERS: Carried.

Motion agreed to.

SAFEGUARDING OF INDUSTRIES

Mr. A. E. ROSS (Kingston City) moved:

That in the opinion of this House our industries here have to have safeguarding with respect to competition from other parts of the world, competition from the country to the south, competition from conditions as they are in Europe.

He said: Mr. Speaker, at this late hour I shall shorten my remarks as much as possible on this very important subject and confine myself to the discussion of three main features: first, the relation of the members of this House to the resolution; second, the relation of Canada to other countries in regard to this resolution; third, the relation of this resolution to one of the great problems of this country. In addition I shall deal with two or three special features.

If I had been at a loss for a reason for introducing this resolution, I would have found a very good one in the speech by the hon. member for Huron (Mr. McMillan). The tenor of his speech was—if you could only gain an entrance into the markets of the country to the south, what a fine thing it would be for us. In a way it was a wail, the expression of a lost hope, of an anticipation that he did not see possible of realization. I would recall to his memory the words of his former leader, who some years ago laid down the policy of himself and his party that they would no longer "make pilgrimages to Washington." We are also reminded of the futility of such pilgrimages by the remarks expressed to-day in this House about looking to Washington for the solution of another question of great importance to this country. Pilgrimages to Washington have been failures in the past, and I would remind my hon.

friend from Huron that they will lead to failure in the future.

Members in all quarters of this House have talked of protection, calling it by such terms as encouragement of industry, safeguarding of industry, and so on. This resolution now desires the opinion of the House on the question of safeguarding Canadian industry from all forms of competition. The appointment of a tariff board does not eliminate the necessity for such a resolution. Its discussion will give everybody in this House an opportunity of expressing opinions such as they have voiced on many occasions in the past. The position set forth in the resolution is one taken and maintained by this party throughout all the years of its history since Sir John A. Macdonald introduced the National Policy. The resolution should also secure the support of many of our friends on the opposite side, if they could but give expression to their real feelings. They should have no hesitation in supporting the policy I have outlined because their leader has on more than one occasion expressed himself fully in accord with it. In fact when I have quoted several remarks by the Prime Minister (Mr. Mackenzie King) it will be found that this resolution is in language he has used on several occasions. At Erindale in September of last year the Mail and Empire reports him as follows:

> He stood for a tariff to give us what we need in the way of revenue and at the same time to safeguard industrial development.

At Fort William in October he made use of these words:

> We do not want to work injury to any industry. We want to help as far as possible all industries.

During the campaign he had occasion to come to Kingston and give a lengthy address in an attempt to win over the city. The position taken by the right hon. gentleman on that occasion, as reported by the British Whig, was as follows:

> We have decided to form a board to consider all tariff schedules, and to call for advice to the board representatives of manufacturing, of commerce, of agriculture, of labour, and also of the women so that the homes would be dealt with fairly. The government will take final action because the power of taxation cannot be given to a non-responsible body. The desire was to help every industry—

These are his own words:

> The desire was to help every industry, and the one aim was to establish them. His government was not in favour of free trade, it never was, never would be. There must be protection against competition.

Mr. MEIGHEN: Those are his words?

Mr. ROSS (Kingston): Those are the words of the Prime Minister quoted from the party's own paper, the British Whig of Kingston. I have also a quotation from the same speech as reported by the London Advertiser. No one on the other side can offer any objection to a quotation from that paper. Its language is contained in the resolution, and is the language used by the right hon. Prime Minister in the city of Kingston that same evening. This is what he then said:

> We realize that our industries here have to have safeguarding with respect to competition from other parts of the world, competition from the country to the south, competition from conditions as they are in Europe.

So there is no member on the other side but can find good reason for supporting this resolution when it is couched in the words of their own leader. The Mail and Empire contained this report:

> The city of Kingston need have no fear from a Liberal administration as to the well-being of its industries. The industries would be taken care of.

Mr. MEIGHEN: Whose words were those?

Mr. ROSS (Kingston): The same speech made by the Prime Minister in Kingston. Taking their cue from the Prime Minister, all hon. members opposite should be in favour of this resolution.

The next point is the relation of this country to other countries in regard to this resolution. I am not going to dwell very long upon this, because it has been repeatedly mentioned in the House during other debates. There are one or two new features, however, to which I would like to draw the attention of the House. As has already been said, every country with any degree of prosperity has adopted some method of safeguarding industries, but our friends across the border have some new ideas in addition to the strong stand they have taken. At present they have a board of survey making an examination of the articles manufactured in Canada, to see if they can stimulate the manufacture of the same articles in the United States and so obviate the necessity of importing them from Canada. They have also certain treasury agents in France whose actions are being complained of by French manufacturers. These agents are investigating the cost of manufacturing goods, so that the goods will be brought into the United States at a proper valuation and not at some fictitious figure given by the manufacturer. These two features show the attitude of the United States in preventing interference with their industries.

I have a long article here dealing with the work of David Syme in Australia. I am not going to read it at this late hour, but I would like to draw attention to the conclusion of

the article. David Syme founded the colony of Victoria under a policy of free trade. The gold mines had brought a large population to Victoria, but the mines failed, and the population of about one million were left in idleness and almost destitute. David Syme immediately initiated a policy of protection, and succeeded in having the raw products of Victoria manufactured in that country. It is very interesting to study the results; he found that a nation of specialists, whether of farmers or importers or manufacturers, did not supply the requisite and fundamentally necessary condition of permanency which can only be supplied by a society of varied enterprises and multifarious employments. So he inaugurated a policy by which the raw products of Victoria should be manufactured in the colony, rather than brought in from the outside.

Let us consider what was accomplished. Side by side with the colony of Victoria was founded the colony of New South Wales. That colony also had a policy of free trade and a policy of bonused immigration, which Victoria did not adopt. In comparing the two colonies, in 1922-23 the manufacturing industries of New South Wales numbered 6,072, while those of Victoria numbered 7,096. In 1919 New South Wales had employed 144,454 persons, while Victoria only employed 136,522 people. But in 1923, four years after this new policy was inaugurated, New South Wales had employed 152,266 while Victoria had reached the same number. But when it came to the density of population, notwithstanding the fact that New South Wales had brought thousands of immigrants into the country by means of bonuses, the density of population there was 7.14, while in Victoria it was 18.49. These figures will immediately prove that the policy of initiating and safeguarding industries has brought excellent results in Victoria.

Another point I wanted to bring to the attention of the House is that this resolution has a very intimate relation to one of the greatest problems facing us to-day, that of immigration. During the debates which have taken place in this House this session I think every person has come to the conclusion that we require population, and that population will solve all our difficulties. Increased population will lessen our taxes and relieve the railway situation, and I want to demonstrate how this resolution affects that great problem. This government, along with other governments, has been on the wrong track altogether in their attempts to make Canada prosperous. We are at present directing all our efforts in immigration to bringing into this country farmers and farm labourers. Never in the history of the world has a policy of this kind, the restriction of immigration efforts to the bringing in of agriculturists, produced any great increase in population. If I can prove that point I think I can bring every member of this House to look favourably upon this resolution. The only occasions when population rapidly increased were when some impetus was given to industrial development, and I believe that if we study the history of the world we will find that that has been the case in every country where such a rapid increase has come about.

It has been said that population is the wealth of a country; without population there can be no wealth. Colorado was a desert in 1858, but in 1890 the property of Colorado was valued at $239,000,000. So it was with the Cobalt district and so with the Yukon and many other places; without population there can be no wealth. On the other hand, as another illustration let me refer to the valley of the Amazon. Here is perhaps the richest country in the world, with great natural resources, but with a very sparse population. On the other hand, in the island of Barbados, you find great wealth and a large population. Population is the secret of wealth. The instances I have given prove that population is necessary for the production of wealth in any country. On the other hand, no state can support a lot of unproductive consumers. The prosperous state is that where there is population and the wealth, the country where you have population, and work for the people. There are a lot of countries where there is density of population but not wealth. Take China, for instance, and some parts of India. The secret is this: Population and work must go hand in hand.

While we all recognize that agriculture is our basic industry, it cannot give us that increase of population of which Canada stands very much in need at the present time. All increase of population has been due, as I said before, to an impetus in industrial development. Let me take a few countries for the sake of illustration. In the fourteenth, fifteenth and sixteenth centuries, the population of England and Wales was almost stationary. There were forty-two towns with a population of 168,000 and thirty-eight counties with a population of 1,200,000, making with Durham, Chester and Wales a total population of about 2,250,000. London had a population of only 35,000; York, 11,000; Bristol 9,500. There were no other places with a

population of over 5,000, but in 1690 a hearth tax that was taken showed that the population had doubled, just by natural and other causes. Now agriculture, which was the chief industry, had made no advance. Whatever growth there had been was due to the introduction of weavers and textile workers, and their industries, from the continent.

Now jump from that period of three or four centuries without any growth in population to the period from 1831 to 1896. The population of England and other countries showed a great increase in that period. The population of England increased from 24,000,000 in 1831 to 39,500,000 in 1896; Germany, from 29,000,000 to 52,000,000; Russia, from 58,000,000 to 105,000,000; the United States from 9,000,000 to 70,000,000, or an increase of 626 per cent. What were the reasons for that great growth?—and here we get the proof that development along agricultural lines alone will not give us the population we require. There were different causes for that rapid growth in population in all these countries during the period from 1831 to 1896? The tremendous jump in the Russian population was largely due to the granting of the freedom of the serfs. These serfs, who had been retained on the farms, when set free entered the towns. There was a real townward tendency at that time, and the population of the cities went up. With the better conditions of the serfs, the growth of population was very rapid.

But that did not account for the rapid increase in population in the other countries. In these other countries it was due to certain other factors, one of which was the introduction of steam. The use of steam led to a great growth in railways, steamships, trade and commerce, manufactures, and in the use of manufactured agricultural implements. There followed a great industrial development, and there was in consequence a rapid growth in population. At the end of that period we find that the number of towns with a population of 50,000 were as follows:

In 1831 there were 85 towns and cities in Europe with a population of 50,000; in the United States, 4; in the colonies, none. In 1891 there were 255 towns in Europe with a population of 50,000; 56 in the United States; 9 in the colonies. In this period of sixty years, the cities throughout practically the whole world showed an increase of population of 470 per cent, while the population outside the cities rose only 70 per cent; agriculture rose 110 per cent; and manufacturing 800 per cent.

My object in quoting these figures is to prove that the impetus given to industrial development is the only means for giving that increase of population which is desired in this country, and the rapid increase in population which I have mentioned in these various countries was due to the causes I have given —the discovery of steam principally, and other powers. In 1831 there were hand powers, 23,400; horse powers, 93,900; steam powers, 6,000. In 1896 those figures had increased to hand powers, 38,000; horse powers, 179,000; and steam powers, 222,000, showing a terrific growth in the development of horse and steam power, due to the discovery and the use of steam. Manufacturing was advancing in every way, and commerce was building up large coast cities.

Just a word in regard to France. The growth in France did not come up to the measure of England and the other countries for the reason—and this will strengthen my argument— that in those days France was obtaining her manufactured products from other countries. She was getting woollens from Spain, linens from Holland, and silks from Italy. But about the year 1800 France began to wake up to her situation at that time, and saw that she was being a hewer of wood and a drawer of water for other countries, and so she set about developing her manufactures, and the result was that her population increased rapidly. There are many figures that would prove it, but I think the figures I have already given will prove that the attitude we are taking as a country to-day in lending all our efforts to the development of the industry of agriculture alone, great as that industry is, will not give us the population we require unless we attend also to the development of our other industries. Watchfulness, wakefulness, a careful attitude towards industry—this is what has made the difference in all countries. Take Scotland and Ireland, which are equal in population. The former country is estimated to be 60 per cent richer on account of the greater development of industrial work. Spain without any industry is thinly populated; Italy is thickly populated, but both countries are poor. Belgium has the maximum density of population and Sweden has the smallest density of any country in the world, yet both these countries are rich. What is the secret? The secret is population and work. You have population in Italy without industrial development. In Spain you have want of work and want of population. In Sweden you have a minimum population but a very active industrial life and consequently a rich country. Belgium is thickly populated and there the industrial and the agricultural life is very active. The density of population is the maximum of the

entire world and, what is more important, the emigration from that nation is the smallest of any country.

By our careless and indifferent attitude towards our industries we have been left in the position we are in to-day. Without going back for any extended period let us take the population Canada has lost in the years 1924 and 1925. In 1924 the loss of population was 148,000 and in 1925 it was 111,000. Not only have we lost this amount of population but we have lost a revenue of $18 per head which that population represented. We have actually thrown $4,680,000 into the coffers of the United States in addition to permitting an exodus of 260,000 people to take place to that country. And that exodus is still continuing. The statement that Canadians are now returning from the United States does not impress me. They are going from Canada at a faster rate than they are returning. The port of Kingston is passing out an average of 25 a week. The staff of the American consulate in Toronto has again been increased in order to cope with the exodus from Canada. Therefore we are not in a very prosperous condition. It is evident when thousands are still leaving the country that we have not adopted a policy that will give us population.

Now, what relation has population to this question? If we adopted an actual, active policy of safeguarding Canadian industries what would it mean in regard to the population of this country? I will explain the method I adopted in order to answer that question. We are importing into this country millions of dollars of manufactured goods. I have taken the figures representing those imports and I have gone to the industries in Canada which manufacture the same class of articles, and have inquired whether these goods could be produced in Canada. In every case, in connection with the figures which I am about to give, the answer returned has been "we can". Translate that importation of manufactured goods into labour in this country and see what it will mean to Canada in the way of population. Last year we imported in round numbers cotton goods to the value of $34,000,000. I went to Dominion Textiles and said to them: "You manufacture these goods. How many people could you employ in Canada every day in the year, all year round, if you manufactured these imported articles?" They answered. "Seven thousand." So that if these goods brought in last year were manufactured in Canada we would be able to give employment to 7,000 more people in this country.

Now, as to printed material. The importations last year amounted to $12,000,000. I went to some of our people who are engaged in printing and said to them: "If these purchases were made in Canada what would it mean in the way of labour?" Their answer was that it would give employment to 4,000 people. We imported engines to the value of $11,600,000. If these were manufactured in Canada they would give employment to 4,200 people. Of machinery there is $30,200,000 worth imported. If manufactured in Canada they would give employment to 10,000 people. Wearing apparel to the amount of $6,350,000 was imported. The manufacture in Canada would employ 3,000 people. Of cloth, yarn, blankets, rugs, and felts, we imported $35,000,000. The manufacture of these articles in Canada would give work to 18,500 people. We imported vehicles to the amount of $36,400,000. If made in Canada they would give employment to 8,000 people. We brought in leather goods to the value of $7,324,000. If they were made in this country, 2,500 people would be employed. The importation of farm implements represented $11,200,000. Their manufacture in this country would keep 3,000 people busy. Our importations of paper amounted to $9,100,000. If the manufacturing were carried on in this Dominion it would mean employment for 1,800 persons. Taking the foregoing ten branches of industry the manufacture of goods to the amount given would mean employment for 73,700 people in Canada, or taking four as the average number to a family, an addition to our population of approximatly 280,000 persons. We have spent $3,000,000 a year on immigration. If you safeguard our industries you can add 280,000 people to our population and save that expenditure of $3,000,000 yearly. Apply the same argument to other lines of industry such as electrical apparatus, gas apparatus, explosives, furniture, matches, fibre ware, mouldings, and amusement and sporting goods. If you put into operation a thorough and active policy with respect to them you will have no fear as to the future of this country and its growth of population.

There are one or two other points to which I wish to draw attention. We are actually lying down on the job of developing two of the greatest industries that any country could have, with almost illimitable possibilities. I refer to the working of our ores, and along with that the development of a chemical industry. We need to-day encouragement enough to produce still another Consolidated Smelters, to be located in eastern Canada. Study for a moment what that great industry means to British Columbia. By a policy of working our own ores a return has been brought to that province from two or three

mines amounting in the case of silver to $3,105,000, in the case of lead to $20,066,630, in the case of copper, to $4,763,707, and in the case of zinc, to $36,012,600. The development of these ores from two or three mines only in that province has produced a wealth such as I have described. In fact, it takes your breath away when you think of what this country could do if the government would come to life, wake up to the immense possibilities of this country and put in operation a policy that would develop them. Along with that goes the development of the chemist. You cannot work on ores without connecting them up with the chemical industry, and no other industry in the world will store up as much wealth if it is properly protected and its development is placed in the hands of experts. We have everything in this country that would produce as valuable a chemical industry as that which flourishes in the United States or anywhere else.

In addition to these rich ores that we have —and I have only given the House an example of what two or three mines in British Columbia will do—a great development is going on now up in the Rouyn area, in the new field where zinc, copper and lead ores, which we have not touched in the east before, are being discovered. Hon. members will realize that if this government would only become alive to the interests of the country, or get off the job and let the Progressives take charge, they might develop one industry at least and increase the wealth of this country. But I am surprised that even the Progressives have not pointed out the fact that we have non-metallic products in this country. Some person came down from the west and tried to interest the government in Epsom salts. Perhaps they thought it would be a good thing to give them, but they are not even interested in that. Along with that salt you have the importation of household salt, with immense fields in this country, of phosphates and sulphate of soda. You have also the graphite industry. The pencils that are used in the House of Commons are United States pencils, made with United States graphite, whereas there is a very large supply of graphite in Canada. The field for graphite in this country, however, is lying idle for want of interest, and productive development is not taking place.

It has been pointed out that this government does not keep alive to the development of the country. I might draw attention to the fact that in the county of Frontenac there is the only field of feldspar on the American continent. Canada has now undertaken the grinding of that feldspar. There is a factory in the city of Kingston and one in Toronto, yet this government it sitting idly by and seeing the feldspar taken out of this country, sent over to the United States, ground in the factories there, and brought back to Canada as ground feldspar. With those two industries trying to compete in a situation such as that, it is deplorable that the government, with their experts in the Department of Mines, should take no action. Just imagine; we have a Department of Mines, which has repeatedly, by reports from experts, brought before the government the importance of the development of these ores and non-metallic substances, but no action is taken. The feldspar still goes out of the country. In 1924 we brought into Canada 1,661 tons of our ground feldspar while at the same time we had two mills of our own. In 1925 we brought back 1,712 tons of this ground feldspar.

I have coupled up with the subject of industry, perhaps, matters that have not been taken up before, because I tried to cover a new field, and to emphasize the fact that the safeguarding of our industries, agricultural and manufacturing, the development of our ores and of the chemical industry, would produce in this country a population such as we desire and such as we are not obtaining, in spite of the fact that we are spending $3,000,000 a year upon immigration.

In conclusion, I point out that the safeguarding of our industries will produce a settled permanent population. Just imagine the economic loss to this country and to the world at large when the policy introduced by this government closes up mills in Canada and sends the population of workmen away! What does it mean? It means that these people must get employment in some other country, and the unfortunate part of it is that if they do not go out of the country they must begin to fit themselves for some other employment and so interfere with those already engaged in that employment. It is an economic loss any way you look at it, owing to the carelessness and the indifference of the government in regard to the industrial development of the country, whether it be agriculture or otherwise. If industry is looked after, watchfully handled and taken care of in the manner adopted by other countries, it will give us a permanent population.

I have endeavoured to-night in dealing with this question to keep to the four points I set out to discuss; first the relation of the members of this House, including the Prime

Minister, to the safeguarding of industries; second, the relation of Canada, in comparison with the other countries of the world, to the safeguarding of industry; third, the relation of this resolution to the great policy of population, which will be the panacea for all our troubles, and fourth, the special features to which I have referred. We have listened this afternoon and this evening to discussions on wheat in relation to cattle and during that discussion topics of all sorts have been brought up. But I am desirous to-night that we shall confine ourselves to this one thing, the safeguarding of industries, and I think I have proven to the House that if we would take care of the industries we have and endeavour to establish others along lines connected with our natural resources, we would in a short time save the expenditure of this $3,000,000 on immigration and have a stable, settled, happy and prosperous Canada.

Mr. S. W. JACOBS (Cartier): I beg to move the adjournment of the debate.

Mr. MEIGHEN: Can I not prevail upon the hon. member for Cartier, who I know is deeply interested in this question and who will not need to be reminded that these are the words of his leader, to avoid so early an adjournment to-night and to have a division on this motion?

Mr. LAPOINTE: Early at twelve o'clock?

Mr. MEIGHEN: Hon. gentlemen opposite are always in a hurry to get home when there is a motion that means something.

Mr. LAPOINTE: This has been discussed practically all session.

Mr. DEPUTY SPEAKER: Carried.

Mr. MEIGHEN: What motion is carried?

Mr. DEPUTY SPEAKER: That the debate be adjourned. I put the motion.

Mr. MEIGHEN: I protest against its being declared "carried." I rose to ask if the hon. member would not withdraw his motion. None of us on this side of the House heard the motion put.

The House divided on the motion (Mr. Jacobs) which was agreed to on the following division:

YEAS

Messrs:

Beaubien,
Benoit,
Boivin,
Bothwell,
Bouchard,
Boucher,
Boutillier,
Brown,
Casgrain,
Coote,
Delisle,
Denis (St. Denis),
Denis (Joliette),
Donaghy,
Donnelly,
Dubuc,
Evans,
Forke,
Gardiner,
Gershaw,
Goodison,
Heenan,
Howden,
Jacobs,
Jelliff,
Jenkins,
King (Huron North),
King (Kootenay East),
Laflamme,
Lanctot,
Lapointe,
Lovie,
McLean (Melfort),
McIntosh,
McKenzie,
McPhee,
Mercier (St. Henri),
Millar,
Morin (Bagot),
Motherwell,
Perras,
Rhéaume,
Ross (Moose Jaw),
Séguin,
Spence (Maple Creek),
Spencer,
Steedsman,
Stork,
Tobin (Wetaskiwin),
Totzke,
Vallance,
Verville,
Wilson (Vaudreuil-Soulanges),
Young (Weyburn).—54.

NAYS

Messrs:

Armstrong (Lambton East),
Barber,
Bell (St. John-Albert),
Black (Yukon),
Black (Halifax),
Bury,
Cantley,
Chaplin (Lincoln),
Charters,
Church,
Davis,
Doucet,
Edwards (Waterloo South),
Embury,
Esling,
Fish,
Foster,
Fraser,
Garland (Bow River),
Gott,
Guthrie,
Hamilton,
Hannesson,
Harris,
Hodgins,
Hubbs,
Kaiser,
Macdonald (Kings),
Macdonald (Richmond-West Cape Breton),
Macdougall,
MacNutt,
Macphail (Miss),
McClenaghan,
McKillop,
Maybee,
Meighen,
Mullins,
Pettit,
Preston,
Price,
Quinn,
Robinson,
Rogers,
Ross (Kingston City),
Ryckman,
Ryerson,
Simpson,
Smoke,
Stewart (Leeds),
Stirling,
Sutherland (Oxford South),
Tolmie,
Tummon,
White (Mount Royal).—53.

Mr. CASGRAIN: Mr. Speaker, I usually pair with the member for North Simcoe (Mr. Boys). I voted because I considered the resolution was not a government measure. However, in order to rectify any misunderstanding, seeing that most of the members on our side observed their pairs, I allowed the hon. member for South Waterloo (Mr. Edwards) to vote, although he was paired with the hon. member for North Waterloo (Mr. Euler).

Mr. MANION: I was paired with the Minister of the Interior (Mr. Stewart, Edmonton). Had I voted I would have voted against the motion.

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

Mr. WRIGHT: I was paired with the hon. member for South Perth (Mr. Sanderson). Had I voted I would have voted against the motion.

Mr. POWER: I was paired with the member for East Hamilton (Mr. Mewburn). Had I voted I would have voted for the motion.

Mr. LAPIERRE: I was paired with the member for East Essex (Mr. Morand). Had I voted I would have voted in favour of the motion.

Mr. KAY: I was paired with the hon. member for Wentworth (Mr. Wilson). Had I voted I would have voted for the motion.

Mr. ROBB: I was paired with the hon. member for West York (Sir Henry Drayton). Had I voted I would surely have voted for the motion. It is time to go home.

Mr. CARDIN: Mr. Speaker, I was paired with the hon. member for West Calgary (Mr. Bennett). Had I voted I would have voted for the motion.

Mr. ROBICHAUD: I was paired with the hon. member for Restigouche-Madawaska (Mr. Culligan). Had I voted I would have voted for the motion.

Mr. RAYMOND (Translation): Mr. Speaker, I was paired with the hon. member for St. Antoine (Mr. Bell). Had I voted I would have voted in favour of the motion.

Mr. CANNON: I was paired with the hon. member for Frontenac-Addington (Mr. Edwards). Had I voted I would have voted in favour of the motion.

Mr. DUSSAULT: I was paired with the hon. member for North Renfrew (Mr. Cotman). Had I voted I would have voted in favour of the motion.

Mr. ROBITAILLE (Translation): Mr. Speaker, I was paired with the hon. member for London (Mr. White). Had I voted I would have voted in favour of the motion.

Mr. YOUNG (Saskatoon): I was paired with the hon. member for Muskoka-Ontario (Mr. McGibbon). Had I voted I would have voted for the motion.

Mr. HATFIELD: I was paired with the hon. member for Cape Breton South (Mr. MacDonald). Had I voted I would have voted for the motion.

(There being no official list, all the pairs announced are not recorded.)

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. LAPOINTE: Mr. Speaker, I was not paired with anyone. I move the adjournment of the House.

Mr. MEIGHEN: Mr. Speaker, before the adjournment I was going to ask, in view of the anxiety of the government to shunt this motion, will the leader of the government undertake that we get an opportunity to continue and have a division on this question before the end of this session?

Mr. LAPOINTE: Mr. Speaker, as far as I can remember we have already had four debates on protection—

Mr. MEIGHEN: Let us have a division.

Mr. LAPOINTE: —and I may say to my right hon. friend that I have no doubt he will have another opportunity before the session closes to talk about the safeguarding of industry by way of protection.

Mr. MEIGHEN: I will undertake, so far as this side of the House is concerned, that there will be no speeches if the minister will see that we get an opportunity to divide the House on the question.

Mr. LAPOINTE: That will be a new method for my right hon. friend, and it would be a pity not to give it to him.

Mr. MEIGHEN: Will you accept the suggestion? What will be to-morrow's business?

Mr. LAPOINTE: The first item will be the third reading of the bill to amend The Dominion Forest Reserves and Parks Act; then rural credits, item 38; Bill No. 149 to amend the Railway Act, item 39; Bill No. 150 respecting the Chicoutimi Harbour Commissioners, item 40; Bill No. 91 to amend the Immigration Act, item 31; then the West Indies trade treaty, item 34; and possibly the budget legislation. If there is some other work to do we will go into supply on Trade and Commerce.

Mr. MEIGHEN: Better divide on this resolution.

Mr. LAPOINTE: We may, yes.

Motion agreed to and the House adjourned at 12.20 a.m. Tuesday.

Tuesday, June 1, 1926.

The House met at three o'clock.

PEACE RIVER ELECTION

REPORT OF THE CLERK OF PETITIONS

On motions being called, the following report was presented:

The Clerk of Petitions has the honour to report that he has examined the following petition, viz.:

Of James Arthur Collins of Chisholm, province of Alberta, lumberman; praying that the House of Commons will investigate the conduct of the Chief Electoral Officer of Canada, the returning officer for the electoral district of Peace River, the deputy returning officer, and such other officer or officers as may be necessary, in connection with the establishing of a polling place at Brule Mines, poll No. 4 aforesaid and the taking of, the counting and recounting the votes cast at such poll in the said district of Peace River, and that such Chief Electoral Officer, returning officer, deputy returning officer or other officer or officers be directed to take such action as may be requisite and necessary to secure the return to the House of Commons of the candidate who secured the greatest number of votes in the said electoral district of Peace River on the 29th of October, 1925, and finds that:

The prayer of this petition consists of two parts viz,—(1) That the House investigate the conduct of certain officials in connection with the election of a member to represent the constituency of Peace River in the House of Commons of Canada, held on the 29th October, 1925.

(2) That the House direct the proper officers to take such action as may be necessary and requisite to secure the return to the House of Commons of the candidate who secured the greatest number of votes cast by the electors of the said electoral district of Peace River on the 29th October, aforesaid.

The form of this petition and its contents so far as the first part of the prayer is concerned are within the requirements of the 75th rule, and refer only to such matters as are within the right and competency of the House to deal with, should the House desire to do so; should, however, the course suggested in the second part of the prayer be taken by the House it would apparently have the effect of authorizing other persons to exercise a power which the House has already delegated by statute to the exclusive jurisdiction of the courts.

Apparently the first part of the prayer of this petition is only of a preliminary nature leading up to the main request as contained in the second part, consequently the prayer, considered as a whole, brings this petition within the ruling of Mr. Speaker Lemieux given on the 6th May last, in a somewhat similar case, which ruling was subsequently sustained by the House on appeal, viz, that a petition which prays for any action to be taken by the House that might involve in any respect an intereference with the provisions of the Controverted Elections Act, chapter 7, R.S.C., 1906, cannot be received.

Under these circumstances I have therefore the honour to report that this petition should not be received.

YUKON QUARTZ MINING ACT AMENDMENT

Hon. CHARLES STEWART (Minister of the Interior) moved for leave to introduce Bill No. 154 to amend the Yukon Quartz Mining Act.

Sir HENRY DRAYTON: Explain.

Mr. STEWART (Edmonton): The object of this bill is simply to bring in line the provisions of the regulations which existed before the introduction of the bill in 1924. There was considerable doubt as to whether the act of 1924 had provided that all the agreements under the regulations with individuals who had staked claims should be carried out, and this is for the purpose of clarifying that matter. So far as the provisions of the bill are concerned, it is made retroactive to the date mentioned in the bill.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

ADJOURNMENT—KING'S BIRTHDAY

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I beg to move, in accordance with the notice given:

That when this House adjourns on Wednesday, the 2nd of June, 1926, it stand adjourned until Friday, the 4th of June, 1926.

Motion agreed to.

MEETING OF HOUSE AT TWO O'CLOCK —EARLY SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister): I beg to move, in accordance with the notice given:

That on and after Monday, the 7th of June, 1926, until the end of the present session, the House shall meet at two o'clock in the afternoon of each sitting day.

Motion agreed to.

WEDNESDAY EVENING SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on Wednesday, the 2nd of June, 1926, and subsequent Wednesdays to the end of the session, the sittings of the House shall in every respect be under the same rules as provided for other days.

Mr. G. G. COOTE (Macleod): Mr. Speaker, I desire to protest against this motion. I know of no other body of men in this country who have to work both night and day. We have been here for nearly five months; we have spent six weeks in I think useless debate on the Address, about five weeks more on the budget debate, to which only a few members listened and those who did listen did so simply that the House might have a quorum. Now at this late hour in the session, when we are doing business, we have just accepted a motion from the Prime Minister to sit an extra hour each day—I heartily approve of that—but I certainly think a protest should be made against this resolution to

take the one night which we have in the week. I believe this House could do its business far better if we did without night sittings altogether. I see no reason why a body of sensible and reasonable men could not devise rules under which we would not need to sit both night and day.

I have read lately with much interest a speech which was delivered in this House in the year 1907. I would like to present to the House, and I will guarantee not to take more than a few minutes, a few of the statements made on that occasion by Mr. Wright, the then member for South Renfrew, because they deal with this particular question and they seem to me to be very pertinent.

Mr. Wright on that occasion called attention to the long hours that had to be put in and the arduous work that a private member had to do if he took his duties seriously, as I think every member of parliament should. I know personally of one member of this House, who was at work yesterday morning at twenty minutes to nine. That member was still here last night at midnight, and was then asked to vote on a motion to adjourn the debate. Any member who voted against that motion was liable to the censure of a large number of the members of this House. That member had to be here again this morning to attend to his correspondence, then he had to attend a certain committee at 10.30, stay there until one o'clock, then rush out and get his lunch, and get back to this chamber at three o'clock this afternoon, and possibly he will be required to stay here until midnight again to-night. I ask the House and the government if that is a sensible way to carry on the business of this country. If these remarks apply to the private member, they apply with even greater force to the Prime Minister and to the members of the government. What chance have these men to get a decent night's sleep under such conditions? What chance has the leader of the opposition? The leader of the opposition, as we all know, to our regret, has been confined to his home through illness recently, and I have no doubt that it was largely brought on by the arduous duties he is called upon to perform and the long hours he is compelled to spend in this House.

I would also draw the attention of members of the House to the fact that we have here in this chamber a large number of pages, most of whom I understand are orphans, or boys without fathers. They come here because it is necessary for them to earn a living. In most of the provinces in Canada we have an act to prevent children being employed after certain hours at night in factories, but in this "factory of words and phrases," as Mr. Wright describes it, these poor boys are compelled sometimes to stay all night—on Wednesday night as well as other nights if this motion carries.

I have no hope, Mr. Speaker, of preventing this resolution carrying and of preventing this House from being compelled to sit on Wednesday night, but I think a protest should be made on every possible occasion against the procedure which compels members to stay here both night and day.

What I propose is this: Let us meet, say, at one o'clock in the afternoon and sit till six. If we did that, with proper rules, we should get through the business of this House in four months. As Mr. Wright pointed out in his speech in 1907, almost every parliament in the world, with the exception of those of Great Britain and Canada, carries on its business without night sessions at all. I think it is high time that private members on all sides of this House should exercise a little bit of their power and demand of all parties in the House that some reform of the rules shall be made so that we shall not be compelled to sit here four, and now five, nights in the week to most unearthly hours. Mr. Wright said on that occasion that we were citizens of a Christian country and were supposed to do our work in daylight and sleep at night. I think I cannot do better than simply impress that idea upon the House before I sit down. I think that all parties are equally guilty of allowing the business of this House to drift until we get into this position, where it seems necesary to sit every night in the week, and before the end of the session, no doubt, we shall sometimes have to sit all night.

An hon. MEMBER: Move an amendment.

Mr. COOTE: I do not think I should move an amendment. The leader of the opposition said a week ago that he was quite willing to sit on Wednesday night, and I think possibly the House wishes to sit on Wednesday night so as to get through, but I do want to emphasize this: If we had adopted suitable amendments to the rules early this session, or at the last session, we would not now be required to sit five nights a week.

Motion agreed to.

PEACE RIVER ELECTION

REPORT OF THE CLERK OF PETITIONS

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, I wish to

call to your attention the report read, on Motions, by the clerk, which is said to come from the Clerk or the Examiner of Petitions, in which I submit the examiner has taken very much upon himself—more than has been assigned to him by this House—and has sought not only to perform his own duties, but those of Your Honour and of the House as well. How he came to do this, I am at a loss to understand, but I submit that it is not for the Examiner of Petitions to report on anything save the form of a petition. If the examiner has the right to go into the substance and purpose, and to say to parliament whether or not it shall receive a petition, we have come to a very fine pass in responsible and democratic government. I submit to you that the form alone comes within his disposition; that if it is within his functions to dictate to this House now that we must not even receive the petition of Collins, then it must have been his opinion on the first presentation of the petition that we should not receive it and apparently his opinion at that time differed from that of Your Honour. However, I am not concerned with what his opinion is. It is for this House to decide whether the petition should be received or not, at the instance of His Honour the Speaker of this House; it is not for any examiner or clerk of petitions or any other subordinate of parliament. I therefore will ask you now, or if this occasion is not fitting, on a suitable occasion, to rule that this report from the examiner is entirely beyond his power and to instruct him to report within his powers and duties.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, may I suggest that this discussion by my right hon. friend to-day is not in order.

Mr. MEIGHEN: When would it be in order?

Mr. LAPOINTE: Perhaps to-morrow, but not to-day. Rule 75 says that after a petition has been presented and is referred to the examiner:

> On the next day following the presentation of a petition the Clerk of the House shall lay upon the table the report of the Clerk of Petitions upon the petitions presented and such report shall be printed in the Votes and Proceedings of that day. Every petition so reported upon, not containing matter in breach of the privileges of this House and which, according to the rules or practice of this House, can be received, shall then be deemed to be permitted to be read and received.

Obviously the members of the House cannot to-day know what the report of the examiner is without reading that report from the Votes and Proceedings, although we have heard a little of what the Clerk Assistant has read.

Mr. MEIGHEN: I understood it.

Mr. LAPOINTE: May I suggest that this matter should at least stand?

Mr. MEIGHEN: All I have to say in reply is that I was able myself to understand the English of the clerk as he read the report, and I would hesitate to ascribe to other hon. members less intelligence than I possess. The rule simply says that the report shall go in the Votes and Proceedings; that goes without saying. But on the reading of a report, if in that report there is an excess of jurisdiction by an officer of the House surely that is the time for the Speaker to rule that the report shall be referred back to him and that he be told to do in respect to that report nothing but his duty.

Hon. LUCIEN CANNON (Solicitor General): Mr. Speaker, I wish also to call your attention to rule 75, paragraph 9, which says that no debate shall be permitted on the report.

Mr. MEIGHEN: I was not debating the report.

Mr. CANNON: What are we debating?

Mr. MEIGHEN: I am debating the point of order.

Mr. CANNON: It is not debatable.

Mr. MEIGHEN: Points of order are debatable. My hon. friend the Solicitor General is just a little weak on the application of the rule. It is merely a point of order that I bring to your attention. Mr. Speaker, I put myself in your judgment, Sir, as to whether or not the time is appropriate and say again, as I said in the first place, that if this is not the appropriate time the matter shall be brought up the first time it is.

Mr. SPEAKER: As regards the action of the Examiner of Petitions I may say this to the right hon. leader of the opposition: I do not know what to infer from the statement he made that he does not know how the Examiner of Petitions came to make this report. I have just read the report, but may I say I have not inspired it and I would not think of inspiring a report from one of the officers of the House. In the next place I think—as was stated by the Minister of Justice—that the question might come up when that report is published in the Votes and Proceedings. Very clearly, according to rule 75, that is the proper procedure.

As regards the subject matter of the petition, if it is the desire of the House that I should give a ruling, I am willing to give it now. Nobody can doubt for one moment as to what that ruling would be. I have read the prayer of the petitioner. It is

with a slight difference the same prayer as was contained in the petition presented on May 4. Being the same prayer—that is to say the petitioner claiming the seat for himself through action other than the action of the courts of the land—the prayer and the petition are absolutely irregular and cannot be entertained. I base my ruling on Bourinot, pages 133, 134 and 135. May I be allowed to read that citation again: Perhaps I may read the prayer of the petition now. The prayer of the petition presented on May 27 reads as follows:

> Wherefore your petitioner prays that the House of Commons of Canada will investigate the conduct of the Chief Electoral Officer of Canada, the returning officer for the electoral district of Peace River, Edward Henry Sheppard, aforesaid, the deputy returning officer, Peter A. Robb, aforesaid, and such other officer or officers as may be necessary in connection with the establishment of a polling place at Brule Mines poll No. 4 aforesaid and the taking of, the counting and recounting the votes cast at such poll in the electoral district of Peace River aforesaid, and that such Chief Electoral Officer, returning officer, deputy returning officer or other officer or officers be directed to take such action as may be requisite and necessary to secure the return to the House of Commons of the candidate who secured the greatest number of votes cast by the electors of the electoral district of Peace River on the 29th of October, 1925, aforesaid, and for such other and further relief as may seem meet in the premises.
>
> And your petitioner as in duty bound will ever pray.
>
> JAMES ARTHUR COLLINS.

Mr. Collins, the petitioner, therefore claims the seat by this prayer.

Some hon. MEMBERS: No, no.

Mr. MEIGHEN: Mr. Speaker, with all deference, I do think this matter is of such great consequence that it should not be disposed of, especially by ruling, without argument. We propose to show, and I think we can convince you, that the petition is not the same petition at all—that it differs in the very respect in which Your Honour said it should differ in order to be received; and secondly, and more important—vastly more important than all—that if this petition is not received the courts are utterly incompetent—have been declared by this House to be incompetent—to treat the subject matter of the petition. Not only can it not be referred to the courts, but the courts are disarmed and disempowered from trying it. The courts cannot hear the appeal of this man who was elected but whose seat is now being usurped by another party.

Mr. SPEAKER: I was proceeding to rule because I inferred from the remarks of the right hon. gentleman a moment ago that he expected a ruling from the Chair.

[Mr. Speaker.]

Mr. MEIGHEN: I only expect a ruling on the competency of the clerk to make such a report as this to the House. That was the only thing I called in question.

Mr. SPEAKER: This is a very technical question. First, the Examiner of Petitions reports on the petition, then his report is tabled and it should be published in the Votes and Proceedings.

Mr. MEIGHEN: Very well.

Mr. SPEAKER: When it appears in the Votes and Proceedings then my attention should be called to it. If it is not the desire of the House to have my ruling on the petition I shall wait until another opportunity.

CIVIL SERVICE SUPERANNUATION—

STATUS OF GRAIN COMMISSION STAFF

On the Orders of the Day:

Hon. R. J. MANION (Fort William): I wish to bring to the attention of the Minister of Finance or the Minister of Trade and Commerce, and in this case I presume it is a matter for the consideration of both ministers, a letter which has been received by a number of members of the House, including the hon. member for South Winnipeg (Mr. Rogers), the hon. member for North Winnipeg (Mr. Heaps), the hon. member for East Calgary (Mr. Davis), the hon. member for Vancouver Centre (Mr. Stevens), the hon. member for Port Arthur-Thunder Bay (Mr. Langworthy), and myself, from the Secretary of the Dominion Weighing Department Association, or some of the employees of the Board of Grain Commissioners at Fort William. I will read three paragraphs from it which will present the case to the minister, as I think it is important enough to deserve consideration. The member for Vancouver Centre laid a similar case before the minister a short time ago. The letter says:

> It would appear that all employees under the Board of Grain Commissioners who have been accepted, and are now contributing under the Superannuation Act, would not receive any benefit in case they were retired from the service, or quit the service for any reason, neither would their dependents receive any benefit in case of the death of the contributor.

Further down he says:

> We do not understand why the employees under the Board of Grain Commissioners should be barred from the act, and we think it very unsatisfactory, that the government should continue to deduct contributions from the monthly cheques of those employees who were accepted before the ruling by the Department of Justice came into effect, when, as it would appear, they will receive no benefit.

Then the closing paragraph of the letter reads:

We would ask you to endeavour, either to have all employees under the Board of Grain Commissioners made acceptable under the act, or a rebate made to those employees who have been contributing unless these employees will benefit under the act as understood by them at the time of making application to be elected under the act.

I draw this matter to the attention of the minister with the hope that he will look into it, because on the surface it certainly appears to be a case worthy of investigation, and I think it should be treated with greater care than it is being treated at the moment.

Hon. J. A. ROBB (Minister of Finance): I will have the matter looked into at once. My recollection is that the matter is already under way. I recall having had something of that nature before me last week, and my hon. friend from Fort William may be interested to know that recently I approved of some increases of wages to certain people, as recommended by the Board of Grain Commissioners.

Mr. MANION: I am very glad to hear it.

APPOINTMENT OF E. J. SEXSMITH

On the Orders of the Day:

Hon. J. W. EDWARDS (Frontenac-Addington): Exercising my privilege as a member of this House, I asked a question of the Minister of the Interior in regard to the appointment of one E. J. Sexsmith. The question reads:

Was E. J. Sexsmith appointed on his merits after competitive examination?

If not, on whose recommendation was he appointed?

The reply given does not answer those two questions. Will the minister supplement the answer to be placed on Hansard by telling me whether or not E. J. Sexsmith was appointed on his merits after competitive examination, and if the answer to that is no, then on whose recommendation was he appointed?

Mr. STEWART (Edmonton): Did my hon. friend say that his questions on the order paper are not answered?

Mr. EDWARDS (Frontenac): They are not answered.

Mr. STEWART (Edmonton): I will look it up and furnish the answer to-morrow.

POSTMISTRESS AT KEY JUNCTION

On the Orders of the Day:

Mr. JAMES ARTHURS (Parry Sound): I wish to ask the minister representing the Postmaster General regarding a return ordered some months ago, I think with reference to the office of postmistress at Key Junction, which is now long overdue.

Hon. ERNEST LAPOINTE (Minister of Justice): I am sorry that my hon. friend has not received the papers yet. I will see that he gets them.

DIVISION LIST AND PAIRS

On the Orders of the Day:

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): I desire to call attention to an error in Hansard in the recording of the vote taken last night. I voted in favour of the adjournment of the debate but my vote is not recorded.

Mr. LAPOINTE: Then we will have one more.

Sir HENRY DRAYTON: How do you know—it does not appear in Hansard.

Mr. E. W. TOBIN (Richmond-Wolfe): I was paired with the hon. member for Parkdale (Mr. Spence), and the pair is not mentioned in Hansard. Had I voted I would have voted for the motion.

Mr. SPEAKER: With reference to this question I will read to the House the following letter which I received from the Editor of Debates:

June 1, 1926.

The Honourable The Speaker,
House of Commons.

Sir—I respectfully direct your attention to page 3916 of Hansard, recording the declaration of pairs following the division on the motion of Mr. Jacobs for the adjournment of the debate on the motion of Mr. Ross (Kingston City). You will observe that a note is inserted stating that the list of declarations is incomplete. The explanation is that no official pair list was available and the declarations came in such rapid succession—in some cases practically simultaneously—and from so many different quarters of the House, that it was not possible for the reporter on the floor to immediately identify all members rising. The adjournment of the House following, there was no opportunity to check up the list and it was therefore deemed proper to omit names as to which there was doubt, on the assumption that the member whose name did not appear would avail himself of a later opportunity to have his declaration properly recorded.

I have the honour to be, Sir,
Your obedient servant,

GEORGE SIMPSON,
Editor of Debates.

Mr. DUFF (Deputy Speaker): Mr. Speaker, if I am allowed I would take this opportunity of directing your attention and that of hon. members of the House to the circumstances under which the vote was recorded last night. While the division was proceeding conversation was general in the

chamber, and there was an absence of the decorum which should be observed on such an occasion, with the result that those responsible for the record of proceedings found difficulty in performing their tasks. We all realize how assiduous the Clerk, the Clerk Assistant and the official reporters are in carrying out their arduous duties, and I am sure we will admit that they are deserving of the consideration of the House. In view of what occurred last night, I would suggest that in future when a vote is being taken hon. members refrain from conversation and from other manifestations which do not contribute to orderly procedure in the House.

NATURAL RESOURCES

BILL AUTHORIZING TRANSFER TO ALBERTA

On the Orders of the Day:

Hon. ERNEST LAPOINTE (Minister of Justice): The Prime Minister (Mr. Mackenzie King) stated yesterday, in answer to a question by the right hon. leader of the opposition, that I would make a statement to-day concerning legislation with regard to the natural resources of Alberta, and I will now do so:

By the agreement entered into on the 9th day of January, 1926, between the government of the Dominion and the government of Alberta, all crown lands within the province are to be transferred to the province, subject to any trust existing in respect thereof.

In 1872, after the acquisition by the Dominion government of the Northwest Territories, the first statute concerning Dominion public lands was enacted. It is chapter 23 of 35 Victoria. Section 22 of this act created an education endowment, sections 11 and 29 in every surveyed township to be set apart for purposes of education, in the territory.

In 1879, statute 42 Victoria, chapter 31, placed under the Minister of the Interior the administration of the school lands and the school fund derived from the sale of such lands, the interest thereon to be paid annually to the government of the province or territory within which such lands are situated, for school purposes. Those statutes have been consolidated from time to time, namely: in 1908, 1914, 1916, 1919, 1920, 1921, 1923, 1924. The administration of those school lands and the school fund by the Dominion government has always been considered as a trust and, to use the language of Sir John A. Macdonald, in 1883, page 874 of the Debates: "The Dominion government is merely the trustee for these lands and cannot divert them in any way whatever from the purpose of school endowment".

It thus appeared to the government that it was advisable to make it clear that the transfer of the school lands and the school lands fund should be made subject to that trust, and that they should continue to be administered by the province in accordance with the existing laws under the constitution of Alberta.

I am responsible for the drafting of the clause which is in the resolution on the order paper, the object of which was to continue the existing order of things.

Colonel Biggar, who is counsel for the government of Canada, and who had been entrusted with the legal work concerning the agreement with Alberta, went to Edmonton to submit this new clause, and said clause was accepted by the government of Alberta and by the law officers of the province.

The clause, as drafted, was inserted in the bill introduced by the Alberta government in the legislature of that province on February 24, and the bill received its second reading, on March 5 passed through the committee stage, and stood for third reading.

Simultaneously, the clause was inserted in the legislation introduced by the Dominion government and is part of the resolution on the order paper concerning said legislation.

Two other amendments concerning the parks, forest reserves and the rights and properties of the Hudson's Bay Company were also suggested by us, accepted by Alberta, and inserted in the concurrent legislation at the same time.

On April 7th the Premier of Alberta sent a telegram that owing to an editorial in a certain newspaper he would probably have to recommit the bill and amend it.

The criticism of the newspaper in question was to the effect that the clause as drafted would result in the Imperial parliament giving ratification to the school clause of the Alberta Act of 1905, which according to the writer of the editorial, was unconstitutional.

Our answer was that any attempt to change the clause under such circumstances, would be resented, and could not be accepted.

The telegram of Mr. Brownlee, on April 7, was the first intimation to me that there could be any doubt as to the validity or the constitutionality of section 17 of the Alberta Act. The clause which I suggested never was drafted for the purpose of giving to section 17 the ratification which an imperial act would involve. Indeed it is my opinion—as it was the opinion of those who placed that section in the constitution of Alberta—that

the act of 1905 has the effect of an imperial enactment for all purposes and that its validity is beyond question.

Section 17 of the Alberta Act is the result of a compromise and was placed in the constitution to prevent litigation and for the purpose of continuing in Alberta the system existing in 1905. This compromise was accepted to settle and put an end to a difficult problem.

On May 25, a telegram was received by the Prime Minister from Premier Brownlee, informing him that the provincial legislature had passed the Natural Resources Bill with an amendment to clause 2 (a), substituting for the last words of said clause the following:

For the support of schools organized and carried on therein in accordance with the law of the province.

The amendment made by the legislature of Alberta without our consent suggests that the laws of the province might differ from or be in conflict with section 17 of the Constitutional Act of Alberta. Otherwise the amendment would be useless and futile. Furthermore, the record, as well as the statements made, show that the change is made owing to the expression of a doubt in some quarters as to the validity of the Alberta Act. This is unacceptable to us.

The Alberta Act has stood as the constitution of the province for twenty-one years. It has come directly and indirectly before all the courts of the land without its constitutionality being challenged or doubted, except in one instance before the courts of Alberta, where its validity was upheld. We cannot directly or indirectly, even in a tacit manner, acknowledge that its validity might be subject to question.

However the Prime Minister has stated to Mr. Brownlee that if the government of Alberta is willing to question the validity of the act, we will gladly facilitate and expedite proceedings, so that a reference to the courts may take place immediately.

In justice to Mr. Brownlee, I must say that he does not personally question the validity of the Alberta Act. His suggestion seems rather to be that as there are some people who have doubts about it, we should refrain from any reference to it in our legislation.

Our present position in the matter is fairly expressed in a telegram sent to the Premier of Alberta on May 27 by the Prime Minister. This telegram, after reciting the history of the negotiations, continues as follows:

As pointed out in interview at Ottawa, in view of implied doubts as to the validity of Constitution Act any amendment to the Natural Resources Bill as originally agreed upon if introduced at this stage of the proceedings and having reference directly or indirectly to school lands would be certain to raise controversy over school question. In these circumstances we do not feel that we would be justified in submitting to our parliament the amendment made by the Alberta legislature on Saturday last, and quoted in your wire. This amendment as adopted by your house if it has any meaning suggests that the laws of the province might differ from or be in conflict with the Alberta Act. Surely the laws of the province must be within the four corners of the constitution which is the source of her legislative powers. Clearly the whole matter hinges on the validity of Alberta Act which you stated some people were questioning. We agree with you that every available means should be taken to avoid a possible controversy on the school question. We believe further that question should be cleared away and settled for all time. We have offered to facilitate proceedings for a reference to the courts of the Alberta Act. We reiterate this offer and in order to prevent delay, as well as to avoid any question being raised as to party who should be expected to initiate proceedings our government will take immediate steps for a reference to the Supreme Court of Canada. We will submit the act and support and uphold its validity, and give an opportunity to those who question it to present their views. When question definitely settled, all difficulties as to the drafting of proposed legislation will disappear and negotiations with respect to transfer of resources may then be resumed in a manner which will remove altogether the possibility of the introduction of any school question.

This was signed by the Prime Minister. I may say that the Department of Justice has in hand the proceedings necessary for the submission of this question to the Supreme Court of Canada. I believe this solution is fair to all parties, and I earnestly hope that this delicate question will in this way be settled definitely and removed forever from the field of controversy.

Mr. MEIGHEN: Would the minister place on the table the correspondence between this government and the government of Alberta?

Mr. LAPOINTE: I will see that this correspondence is tabled to-morrow.

Mr. W. T. LUCAS (Camrose): Why was this question not included in the agreement which was signed on the 9th of January?

Mr. LAPOINTE: Perhaps for the same reason as the two other clauses with regard to the Hudson's Bay Company and the parks or forest reserves have not been included. Those things always happen in important questions of this kind. We thought it should be made clear that the trust with regard to school lands would be made part of the arrangement.

Mr. LUCAS: I would like to say—

Mr. SPEAKER: Unless by unanimous consent I cannot allow a debate to proceed on this question. This is a statement made by the minister.

Some hon. MEMBERS: Go ahead.

Mr. SPEAKER: Am I to understand that the House is willing to hear the hon. member?

Some hon. MEMBERS: Yes.

Mr. LUCAS: I would like to point out that there is no agitation in Alberta for any change in the school laws as we have enjoyed them for the last twenty years. If this question is raised the responsibility will certainly be upon this government.

CENSUS—NATIONALITY

On the Orders of the Day:

Mr. W. W. KENNEDY (Winnipeg South Centre): Is it the intention of the government to instruct the enumerators having charge of the census being or about to be taken to accept the term "Canadian" as a sufficient and proper description of those Canadian citizens who were born in this country?

Hon. J. A. ROBB (Minister of Finance): As I understand the matter, the questions that are generally asked in the ten-year census are not asked in the present census, that is the census that is taken every five years; but the matter is under consideration for the next decennial census. This census is merely to determine the population of the prairie provinces for the purpose of the subsidy which is paid under the act.

APPOINTMENT OF POST OFFICE INSPECTOR—MARITIME PROVINCES

On the Orders of the Day:

Hon. ERNEST LAPOINTE (Minister of Justice): The hon. member for York-Sunbury (Mr. Hanson) asked a question yesterday with reference to the appointment of a post office inspector in the Maritime provinces. On behalf of the Postmaster General I desire to make this statement:

There are two postal districts in the Maritime provinces—one with headquarters at St. John and one at Halifax, also a post office inspector stationed at Charlottetown, Prince Edward Island.

To provide for inspection work in those portions of the province of New Brunswick with French speaking population, it was found necessary to have a bilingual inspector. It was considered that the bilingual inspector should be able to do all the bilingual work in the three Maritime provinces. He is, therefore, being stationed at Moncton in order to be more readily available for the three provinces although he is attached to the staff of the St. John postal district.

LONG TERM FARM LOANS

Hon. J. A. ROBB (Minister of Finance) moved the second reading of Bill No. 148, for the purpose of establishing in Canada a system of Long Term Mortgage Credit for Farmers.

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

Short title agreed to.

On section 2—Definitions.

Mr. GARLAND (Bow River): Paragraph (d) defines a farmer to be any person whose business is 'solely" that of farming and who owns and occupies a farm, or who proposes to acquire a farm for immediate occupation and cultivation. A similar definition in the Bankruptcy Act was interpreted by Mr. Justice Tweedy in such a way as to exclude persons engaged in custom threshing. Mr. Justice Tweedy held that the word "solely" restricted the provisions of the Bankruptcy Act to those who were engaged strictly in farming, and he gave it as his opinion that men engaged in threshing along with farming were precluded from that act. If the word "solely" is retained in this bill the same difficulty will arise here, and the bill will be interpreted as excluding those farmers who also do custom threshing.

4 p.m.

Mr. ROBB: This qualifying word is intended to make it clear that anyone living in the village and occupied industrially is not to be considered a farmer within the meaning of the act merely because he happens to do some farming. It is not the intention to preclude any farmer from exercising his ordinary duties as a citizen. For instance, a member of parliament whose business, apart from his parliamentary duties, is farming is not excluded. The word has been inserted for the protection of the farmers themselves.

Mr. GARLAND (Bow River): I would not raise the point were it not for the inter-

pretation which Mr. Justice Tweedy placed on a similar definition in the Bankruptcy Act, whereby he excluded from the benefits of that legislation such farmers as I have described. I have no desire to widen the scope of the bill to embrace business men in towns, living away from their farms, and I may point out to the minister that such persons come under another section. I would move—

Mr. ROBB: I will move the amendment later.

Mr. SHORT: The word "farmer" here means only the farmer of the soil. Why not make provision for the farmer of the sea, the fisherman? Why should he not be entitled to the provisions of this act?

Mr. ROBB: If my hon. friend can explain to me how I can get a mortgage on the fish in the sea I will consider his suggestion.

Mr. SHORT: You can get a mortgage on the fisherman's equipment as well as on the farmer's.

Mr. HANSON: I support the suggestion of the hon. member (Mr. Short). The fishermen at least on the Atlantic coast, engage in an occupation which at times is quite precarious, and they are entitled to some encouragement at the hands of this parliament while we are considering the needs of the farmers of the west. I seriously suggest that if the minister has not already done so he should include fishermen in the benefits of the act. There is no difficulty about security. The equipment of the fishermen is as saleable in their districts as is the security of the farmer in Alberta, especially in the drought season. If anything, the advantage in this respect is with the fisherman. If there is to be any easy money for a particular class, then let us have no discrimination in favour of the western farmer. I am willing that he should receive fair treatment, but I do not want to see him get any special privileges. And that is all this legislation amounts to. I am not by any means opposed to rural credits, but if the government desire to put easy and cheap money in the way of the farmers of the west, I demand at least equal treatment on behalf of the fishermen of the Maritime provinces.

Mr. SPENCER: This is the first time the suggestion has been made that this legislation is for the benefit of the west alone; I thought it was intended to benefit all Canada.

Mr. HANSON: Everyone knows that for the past five years hon. members to my left have been demanding legislation of this character for the particular benefit of their own constituents. There has never been a demand from the farmers of the Maritime provinces for legislation of this kind.

Mr. BROWN: Then they are not properly represented.

Mr. HANSON: They were not properly represented in the last parliament but they are well represented in this House. Speaking for the Maritime provinces, our farmers do not and will not demand this kind of help if you will give us a proper fiscal policy.

Mr. CHURCH: I would like the minister to explain the definitions under clause 2, because I am very doubtful whether parliament has power to pass this bill. Why should there be rural credits and not city credits; why single out the farmers for long term loans? Why should this particular class be favoured as against all others? Agriculture to-day is the most highly protected industry in the world, and this is class legislation of the worst kind; one class is favoured because they have an influence in this House which other classes do not have.

Mr. COOTE: I rise to a point of order. I contend that the hon. gentleman is not speaking to the section of this bill under discussion.

Mr. CHURCH: In the first place, Mr. Chairman—

Mr. COOTE: I ask for a ruling on the point of order, Mr. Chairman.

Mr. CHURCH: I say this is class legislation of the worst kind.

Mr. ROBB: I rise more particularly to move the amendment which I have just handed you, Mr. Chairman, that the word "solely" be deleted. The discussion we have had so far only emphasizes the difficulties of legislating for a large country of varied interests such as Canada. This is the first time it has been brought to my attention that the fishermen require legislation of this kind. This government has not been unmindful of the fishermen; in the budget of 1924 we made considerable concessions to those engaged in this industry, making it easier for them to get their equipment and so earn a living.

Mr. SHORT: May I ask a question?

Mr. ROBB: When I get through I will answer my hon. friend. This measure is designed to help not only the farmers of the prairie provinces but those of the entire Dominion. The necessity for such a measure to provide cheaper money for the man on the farm has been demonstrated to us time after

time. The man on the land produces traffic for the railways and his success determines the general prosperity of the country. This government has even been accused of being a bit tardy in introducing this legislation. The hon. member for Vancouver Centre (Mr. Stevens) had a similar resolution on the order paper the day parliament opened, and I give him credit for being in favour of this move. Most of the provinces have systems of rural credits of one kind or another; they have already recognized the necessity for such a measure as we are bringing in now. The hon. members for Ontario may object to this, because in Ontario they have a very excellent system of rural credits which, I am told, is on a good paying basis.

Mr. MEIGHEN: Why duplicate it?

Mr. ROBB: We are not duplicating it; it is not necessary for Ontario to come under this scheme if they do not want to, but because Ontario is well provided for is no reason why the other provinces should not be helped. It is not obligatory upon any province to come under this scheme if they do not wish to. Now coming back to the fishermen, I will be very pleased to listen to my hon. friends who represent these people if they can establish the necessity for a system of credits other than those now provided by the rural credit systems of the provinces. We will consider that question at another session, but this act has to do with long term mortgage credits for farmers. I move the amendment.

The CHAIRMAN: Mr. Robb moves that subsection (d) of section 2 be amended by deleting the word "solely" in the first line.

Mr. SHORT: I have no objection whatever to this bill, but why confine it to soil farmers? The fisherman farms the sea just as much as the soil farmer farms the land, and he has just as hard a time to make a living as the farmer on the land. Consequently he is entitled to just as much consideration. Before the fisherman can start out to make a living he has to spend from $500 to $1,000 on equipment; many men are not in a position to make such an expenditure, and they must be assisted. If the land farmer is to be helped with easy money I claim that the fishermen of the Martime provinces and the Pacific coast should be helped as well. I think the Minister of Finance (Mr. Robb) would be well advised to take this into consideration before the measure passes.

Mr. PRICE: I think it would be well for the minister to consider our fishermen. As has been pointed out, they are put to a considerable expense in connection with their equipment, nets, motor boats and so on, and at this particular time the fishermen along the Northumberland straits are having a very difficult time to raise sufficient money to equip themselves properly. Within the last two or three years, because of poor facilities, they have had some considerable difficulty in protecting their boats from storms along the cap Bald coast. This is particularly true in connection with the French Acadian people. They have had a hard time; their expenses have been high; they have sustained considerable losses, and if something is to be done to assist them it should be done at this time. The western farmers have been given every assistance; they have had opportunities not afforded to other classes. The farmers and fishermen in the Maritime provinces are paying rates to-day 100 per cent higher than those paid by the farmers in the west for the same haul.

Mr. ROBB: I rise to a point of order. Mr. Chairman. I submit that if we are to have a new budget debate, if we are going to debate freight rates at this time, we will be here all summer. If my hon. friend will confine himself to the question at issue we will get along more quickly, and he can discuss freight rates at another time.

Mr. PRICE: I am merely pointing out that the fishermen are entitled to just as much consideration as are the farmers in western Canada, and it is on their behalf that I am speaking, in order that they may be given opportunities to share in the same benefits which this government is bestowing on the farmers of the west. I think the fishermen deserve every consideration. They go through more hardships than the farmer; they work harder and take more chances, and their occupation is more hazardous. I think if some of the members of this House who have not seen the fishing industry being carried on would take a trip down to the Maritime provinces and see what these men have to go through, the chances they have to take and the storms they have to fight in their boats, they would agree with me that these men are deserving of more consideration than they have received in the past. Personally I am opposed to anything being done under this bill unless the fishermen along the Atlantic coast are also taken into consideration.

Mr. DUNNING: I feel reasonably sure that there is not a single member of this committee who would not agree that the fisherman is equally entitled to consideration from this House with the farmer or anyone

else, but may I point out with regard to the measure now before us, that it deals with a particular type of credit as relating even to the farming industry, that particular type of credit being long term mortgage credit based upon the security of land. It does not deal with short term credit based on the security of chattels either on the farm or anywhere else. I listened to my hon. friends from the Maritime provinces, and if I understand the requirements of the fishing industry correctly from what they tell me, it is rather short term credit on chattel security that is required for that industry. Manifestly it is not possible for the fisherman to give a mortgage on the sea, and it would not be any good if he did so. He has certain equipment that he uses in his business—

Mr. HANSON: What about his fishing stand? That is real property.

Mr. DUNNING: Does he have real property? I would like to get to know.

Mr. PRICE: He has his home as well.

Mr. DUNNING: I listened to what my hon. friends had to say, and they spoke of fishing gear and the expense the fisherman was put to in order to equip himself to carry on his business. Everything that was mentioned by my hon. friends was in the nature of a chattel, and I therefore came to the conclusion, perhaps erroneously, but at least based upon the information supplied by my hon. friends, that the type of security available in connection with that industry is analogous to what the farmer has to give with respect to his short term credit requirements, and therefore does not and cannot very well come within the scope of this bill. Personally I would like to learn more about the fishing industry, and if there is any way to assist any one of our primary industries by way of facilitating credit, not at the expense of the country, but with the backing of the country, I can assure my hon. friends from the Maritime provinces that it will have my support.

Mr. FORKE: I was on my feet when the minister rose, to express exactly the same opinions he has expressed. I want to say on behalf of the farmers in the west that we have every sympathy with the fishermen and their troubles. In my young days I lived close by the sea, and know something of the hardships of the fishermen. I remember one storm in which 138 fishermen found a watery grave in one afternoon. So no one needs to tell me about the hardships of the fishermen on the sea. But I want to point out that this bill is not applicable to the circumstances in which the fishermen find themselves. We in this part of the House have been working for four years to get such a bill as we have now before us, and this is the first time we have heard anything in connection with helping the fishermen in this way. If our friends from the Maritime provinces will come back next session with some workable bill to provide not easy money, but cheap money—there is a difference—to help the fishermen in their calling, or any other primary industry in this Dominion, I am sure they will find us heartily with them.

Mr. SHORT: We are very glad to get the information from the deputy Prime Minister that the fishermen of the Maritime provinces will receive consideration at the next session.

Mr. MARCIL: There are a large number of farmers in Gaspe and Bonaventure who are at the same time fishermen; they carry on both callings. When fishing is not over plentiful, they resort more extensively to farming, and I would like to have that class included, if possible, under this bill. A man who can give security on land, whether he is a fisherman or not, should not be debarred from the benefits of this legislation.

Mr. HANSON: I endorse the suggestion of the hon. member for Bonaventure. It is true that a large number of the fishermen in the Maritime provinces also carry on farming and they nearly all own real property of some sort.

Mr. DUNNING: Then they are already under this bill.

Mr. HANSON: I am not so sure that they are. I would point out for the benefit of the hon. member for Brandon, if he has not heard a specific demand made on behalf of the fishermen, that this is the first concrete proposal of this kind that has been made in five years. This is the first occasion on which a concrete demand of this kind could be made on behalf of the fishermen, and that is why it is being made. So far as his invitation to wait for another year is concerned, I think we ought to decline that invitation with thanks. Now is the accepted time. If we are going to do anything for the fishermen in the Maritime provinces, we want to do it now. Therefore I invite the minister to amend the bill in that regard, so that it will take in any fisherman who is able to give security other than chattel security, and he might also take into consideration, if he will, the question of chattel security. I quite appreciate the difficulty of including short term

credits in a bill of this character, as it is not designed for that, and therefore I shall not press that point; but I do press upon the minister the desirability of assisting these fishermen and bringing them within the terms of this act.

Mr. ROBB: I gather from the observations of my friend from York-Sunbury and my hon. friend from Bonaventure that the amendment I have just introduced brings in most of the fishermen of the Maritime provinces. The word "solely" is stricken out, so that the farmer who has land would come in under this act anyway. I think my hon. friend should leave it to a pretty generous interpretation by the board.

Mr. MEIGHEN: Would a fisherman's occupation be farming? That is what the definition says.

Mr. ROBB: If, as the hon. member for Bonaventure and the hon. member for York-Sunbury have said, these men are farmers as well as fishermen, they certainly would not be deprived of their privileges as farmers simply because they were incidentally engaged in fishing.

Mr. MEIGHEN: The minister knows quite well that the men referred to by the hon. members are fishermen. The farm they have is incidental to their calling of fishing, and while it might perhaps be security for something, farming is not their main occupation, and they would never come in under this act.

Mr. ROBB: If my right hon. friend, who is a pretty good economist, has any amendment to suggest—

Mr. MEIGHEN: I have not suggested anything of the sort, but I do not want the minister to cast aside an amendment on a mere sophism which has nothing in it.

Mr. HANSON: If the minister will refer to paragraph (b) of section 4, he will see that it gives the board power:

> To make long term loans to farmers on the security of first mortgages on farm lands.

Suppose the fisherman has his little homestead of a few acres. It has a commercial value in the community, and it may be good security for a loan, but I doubt whether under this section the board would have power to make him a loan. More than that, as pointed out by the leader of the opposition, his main business must be farming. That man will not benefit by this act.

Mr. ROBB: I read carefully the resolution put on the order paper by the hon. member for Vancouver, and I listened to the speech delivered by my right hon. friend the leader of the opposition, and I concluded that when this bill was introduced it would meet at least with their approval, as it contained what they had outlined as necessary for farming. I ask the hon. member for York-Sunbury if he has read this bill all through. He is a good lawyer, a good financier; does he think we can go out and sell bonds on security such as he has just mentioned?

Mr. HANSON: I think probably you will sell bonds on much poorer security than you will in the case of some of the farm loans that will be made under this legislation, especially in the province of New Brunswick to-day. Does the minister know how difficult it is under the conditions existing down there for farmers to obtain loans now in the open market—

Mr. ROBB: This will make it easier for them.

Mr. HANSON:—due to the fiscal policy of this government driving industry out of our towns and cities?

Mr. ROBB: That is another question.

Mr. HANSON: It may be, but that condition is due to the policy of this government. I am not in a position to submit an amendment. However, I should be glad to consult with the minister on the point. I am really serious about the matter. I think something can be done, and if ever anything is to be done now is the accepted time.

Mr. MacLAREN: I notice a very general impression in the House—at any rate the view seems to be held by many of the members—that no reference has been made previously to the desirability of extending to the fisherman treatment similar to that granted to the farmer. That is not quite correct. At least once before, and I think probably on two occasions, I have heard the suggestion made that fishermen should be included in this bill.

Mr. HANSON: So have I.

Mr. MacLAREN: Therefore it is not the first time the point has been raised. On the contrary, I think the records will show that on several occasions in the past the claims of the fishermen have been put forward. Now, most fishermen possess more than mere chattels. Most of them own their houses, and many of them a few acres of land. I think the minister will need to consider very carefully the definition of what constitutes a farmer. I fear many difficulties will arise

and there will be doubt in some cases as to whether the applicant can be considered a farmer or not. Take the case of a fisherman who earns his living substantially by fishing, who also has an acre or two on which he and his family carry on kitchen gardening, would he be regarded as a farmer under the proposed legislation? The minister says "no". Then there will need to be a little better definition in order to determine what will constitute a farmer in the case of a man who is also engaged in fishing.

Mr. FOSTER: Do I understand there will be no doubt in the minister's mind that farmers who are also fruit growers will come within the purview of this definition?

Mr. ROBB: Surely.

Mr. FOSTER: That being so, I desire to concur in what has been said by the speakers who have just preceded me with regard to the farmer. In this connection may I thank the minister for his promise to take the matter into consideration next year, also the hon. member for Brandon (Mr. Forke) for his promise to give consideration to the case of the fishermen of the Maritime provinces. What I object to, and what our people also object to, is that when it comes to doing something for the Maritime provinces we are told "We will be glad to do it to-morrow or next year." But when it is a case of doing something for other parts of the country we are told "We insist on its being done now." I think that attitude will meet with very considerable criticism, particularly on the part of the people of the Maritime provinces.

I noticed another statement which struck me as rather peculiar. It was that no mention of the rights of the fishermen had been made in this House in the last four years. I thought that was an amazing statement in view of the fact that we had a solid delegation in this House representing the province of Nova Scotia at least. We sometimes hear the statement that the fishermen are prosperous and that the industry has been greatly extended as a result of wider markets. Let me point out that in 1919 the province of Nova Scotia produced $15,171,929 worth of fish. In 1922, the first year that this government had an opportunity to develop wider markets, the production dropped to $10,209,258. In 1923 there was a further drop of $1,800,000 down to $8,448,385. In 1924 the drop still continued to $8,277,000, and in 1925 the production was still going down. And yet we heard statements in this House during the budget debate that the fishing industry of Nova Scotia had been flourishing under the policy of the government for the last four years. But we have the concrete fact before us that in five years the fishing industry has declined to the extent of $7,000,000. Nevertheless when there is an opportunity to do something to increase the fish production of Nova Scotia, as well as that of the other Maritime provinces, we are told by the leader of the Progressive party: "Oh, come back next year and we will give you something." The minister also says, "Make your suggestions and demands during the next year and we will consider them. This legislation is for the farmer alone, and only those farmers in the provinces where they desire to avail themselves of it." I submit that when we are considering this legislation, even if it takes another twenty-four hours to frame an effective amendment, we should take such action as will ensure that the various other industries in the country shall also benefit by the impetus we desire to give the farming industry.

Mr. MacLEAN (Prince): I quite realize that under the proposed legislation it is impracticable to grant relief to all the fishermen, as has been stated by some hon. gentlemen opposite. However, I take the position very strongly that if there is any industry that should receive consideration from the government it is the fishing industry, not only of the Maritime provinces but of Canada as a whole. I think that hon. gentlemen on both sides of the House have endeavoured to present the views of the fishermen as strongly as they possibly could. Not only have propositions been brought before the select standing committee on Marine and Fisheries, but we have been asking for concrete action by this House so as to give some assistance to the fishing industry in the Maritime provinces. The question has been raised as to who will receive benefit under this system of loans and what really constitutes a farmer—whether a fisherman farmer or a farmer fisherman can be properly included in that category. I judge that the individual who has sufficient land free from encumbrance to give the requisite security can receive benefits under this act?

Mr. HANSON: Why does the hon. member say that? I fear he has not read the bill.

Mr. MacLEAN (Prince): I do not see anything in the bill that will deprive any man who has sufficient land free from encumbrance to give the needed security from receiving the benefits contemplated. It cannot be argued that because a man engages in fishing as well as farming he shall be excluded

from the proposed benefits. It will be just as reasonable to argue that a farmer in the Northwest Territories should not be granted assistance under this legislation because he worked at lumbering, or some other calling, for a few months in the year. I think any man in any part of the Dominion with sufficient real estate in his own name will receive the benefits under the act. If not, I am not correctly informed on this matter. However I wish to place myself on record as making a demand on behalf of the fishing industry of the Maritime provinces. We were asking for concessions in the putting up of a certain preparation made from the lobster, which is being wasted at present, but which would have meant an immense revenue to the lobster packers and fishermen of the Maritime provinces. We could not get that small concession, because other larger interests and the larger packers wished to control the situation, and, as in all such cases, the small man had to go without his concession. I wish to support anything that will tend to benefit the fishing industry, and I am sure that the Marine and Fisheries estimates will afford opporunity for further discussion of this matter. I think we should concentrate our efforts on those estimates and endeavour to obtain some assistance.

Mr. MEIGHEN: I am not rising to say anything against loans to fishermen, but I would not like any hon. member to go home with the false hope in his mind that there is going to be any loan to fishermen under this act. It is especially forbidden by the act. It does not matter how much land he owns; he might own the whole of Prince Edward Island, but if his occupation is that of fisherman he cannot get anything.

Mr. MARCIL (Bonaventure): A man may have two occupations—farmer and fisherman.

Mr. MEIGHEN: A man has an occupation which is his chief occupation always, and you could not select anyone in the whole of the island whose occupation you could not tell. A man is one or the other. It may be he has a few onions or patches of corn, but he is a fisherman. He cannot get anything under this measure. Whether he should or not is not the question we are discussing. He could not get anything, and we might as well cease trying to delude the fishermen, or those who do not read, into thinking that they could get anything. For my part I am in favour of the rural credits measure. I stated so when the matter was discussed on a previous occasion, and I hope this measure will be along lines to meet my desire in respect to such a measure. I do not know that you could, in the first instance, include other industries in it, but you could accompany this measure by another along similar lines, or different lines, to achieve the same end for that other class of people. But the rural credit measure is simply a measure to provide for rural credits, and I think it is time we set our minds to work to frame a measure satisfactory to the rural sections of the country. We are not at the stage where the vital provisions should be discussed, but we are at the definitions;. I listened to the point raised by my hon. friend from Bow River, which I think the minister conceded, but I really do not think it is of so much consequence as another point, although I fancy it is right. Under this definition, in order to get a loan, a man must be residing on and occupying the land. If the minister will read his definition carefully he will see the point I am trying to make. Paragraph (d) of clause 2 reads:

"Farmer" means any person whose business is that of farming.

The word "solely" is now struck out. The paragragh continues:

And who owns and occupies a farm, or who proposes to acquire a farm for immediate occupation and cultivation by him.

The question I put to the minister is this: does he have to occupy that farm the year round, save of course a trip to California, or to parliament, or anything of that sort, where he does not take up another residence? What I have in mind is a large class of farmers who occupy their farms only for the summer, and reside in a village or town almost half the year. Under this clause as it now reads that man could not obtain a loan.

Mr. JACOBS: He really would need the loan more than the man who remained on his farm all the time.

Mr. MEIGHEN: Yes, especially if he went to California. This would not be the farm he occupies the year round, as his only place of abode. There are very many farmers who do not, in the sense of this definition, occupy a farm at all. They do not live on it. I know some of the best farmers in Manitoba who live in the town or village the year round, but who thoroughly cultivate their farms. They are excluded by this definition from getting a loan. If the minister intends that that should be the position, that is another question, but I do not think that he does. The next point is that it should not be enough that a man owns and occupies a farm. I might occupy a farm near a little town and do nothing

with it. The man should own and cultivate the farm. The word "cultivate" should be substituted for the word "occupy." If a man owns and cultivates a farm, I would not care where he lived. It should be sufficient that he is cultivating the farm.

Mr. ROBB: If my right hon. friend will proceed he would notice that in the very clause he is quoting cultivation is provided for.

Mr. MEIGHEN: No, that is only in the case of the man who has no farm at all, but is going to get one. Where the draughtsman made the slip was this: he provided in the case of a man who did not have a farm, and was going to get one, that he should get the loan because he was going to get the farm and cultivate it. If he already owned it he would not need to cultivate it. All he needed to do was to occupy it.

Mr. DUNNING: I think the act would cover that point.

Mr. COOTE: Does not the word "occupy" as it is used here really mean "cultivate"? A man may have a business located on a business street, and may occupy a house in a different part of the town. It could be said that he occupied the store he owned. It seems to me that is the interpretation that should be given to the clause.

Mr. MEIGHEN: The point I referred to a moment ago about the word "occupy" is perhaps covered, but the other point is not. If we insist on a man owning and cultivating land I do not see any sense of insisting on his living on it the whole or part of the year. He may live on the next farm. He may own a farm across the road and want a loan on it, and might cultivate it, but could not get the loan.

Mr. COOTE: Under the interpretation the right hon. gentleman places on the word "occupy" it is impossible for a man, although he was actually farming his land, but living in town, to get a loan.

Mr. MEIGHEN: No. I insist on his cultivating it. The point I am making is that a man should not be compelled to occupy a farm on which he wants to get a loan.

Mr. BROWN: Is not the clause capable of a wider definition?

Mr. MEIGHEN:; I do not know of any other. Certainly if I live in town, have a farm six miles out, and cultivate the farm I should be entitled to the loan.

Mr. DUNNING: The point is of very great importance, but for a reason the opposite to that under discussion, that reason being that it is not the intention of the act to provide loans for men who are incidentally farmers, that is men who are engaged in some other line of business. For instance, my right hon. friend is a farmer and I am a farmer, but not in the sense under which we wish to have credit extended under this law.

Mr. MEIGHEN: Speak for yourself.

Mr. DUNNING: I am speaking for myself. I was very nearly putting my right hon. friend in the same category because I think he said on one occasion he did own a farm.

Mr. MEIGHEN: What I mean is: Do not exclude me from the benefits of this measure too soon.

Mr. DUNNING: I am excluding both my self and my right hon. friend. I still own my original farm; but from the point of view of public policy I do not think it is desirable that this law should be so wide that its facilities might be extended to a man such as myself who, although still farming a farm in the sense of being in control of its operations, meeting the bills and so forth, is not in the class of an actual resident, occupier farmer. There is another class of cases, the class who are engaged in some business in the near-by village. There is hardly a business man in a western village who is not also a farmer. I think all will agree that it is not desirable that we should extend the privileges of this legislation to that class of farmer who is farming as a side issue to some other business which is of much more importance in his scheme of things.

Mr. MEIGHEN: The minister has missed my point.

Mr. DUNNING: I know that is not my right hon. friend's point; but if the legislation is widened sufficiently to include the class of farmer to whom my right hon. friend refers, I am very much afraid that it will let in this other class. My right hon. friend has referred to the man who lives in a village, who, unless quite incidentally, has no other occupation than farming, and who farms a farm three or four miles out of that village. As he has stated, there is a large and growing class of that type of farmer; but just how to cover the point and admit that class of farmer without also admitting the very much wider class of business men who farm incidentally is a difficulty which I have not been able to overcome.

Mr. MEIGHEN: That is all covered by the definition of the farmer. Farming must

be his business. Farming is certainly not the business of the minister and it is not mine. Once you have said that you have excluded all in the class to which the minister refers.

Mr. DUNNING: No. My right hon. friend will permit me, he will know as I know of men who farm in a very large way and who also have some other business. It would be very difficult to determine which of those two was the main business. I have in mind men who farm as much as two or three thousand acres and who also live and are engaged in business in a town. In all probability the turn-over of the farm might very well be larger than the turn-over of the business in the town. The difficulty of determining which was the main business of the man concerned would be very great and I speak from some experience in that regard. If we widen the definition this will be a matter of great difficulty. As regards practical administration, regulations of the board can, I believe, deal with the type of case to which my right hon. friend refers if we give them just that much latitude. I say what I am saying merely as an argument against widening that latitude too much and the tendency is rather to widen it too much.

Mr. MEIGHEN: If the commission finds that the main business of any man is farming that man should come in just the same as anybody else. The object of this legislation is or should be to constitute a low interest, underlying financial security on loans. It will do just as much good to the community to grant a loan on land farmed by a man living in Portage la Prairie although the land is three miles out as to grant it to a man actually living on his farm. The object of it indeed is to encourage the cultivation of land and the production of goods therefrom by constituting a cheap underlying security and it should extend to all whose main business is farming. It does so extend under the definition, but you have a most unreasonable exclusion when you say that a man must be all the time living on his land. As the years go on you are going to exclude more and more until you have half the population of western Canada excluded from the legislation. There is no line of demarcation; there is no reason, no sense in it. The minister should either have it in that way or give the benefit to nobody.

Mr. GARLAND (Bow River): I would find myself largely in accord with the leader of the opposition if we could safeguard the loans made under this bill with regard to cases of this kind. You have in town a real estate agent or an implement agent who is also a farmer. He applies for a loan under this bill; he secures the loan on the basis of the security of his farm; but without the consent or knowledge of the board he invests part of that loan in his real estate business or implement agency. Before the board discovers what has happened to the loan and is in a position to collect on the good security the man has failed. The board comes along and all it can do it to pick up the fragments. It has the man's security which may still be good; but wo do not want the scheme burdened with a great deal of real estate dealer's or implement agent's land which is being farmed by proxy. If that could be covered I would agree with the leader of the opposition.

Mr. MEIGHEN: The government must follow the loan past the hands of the borrower; they must see that the money is properly applied. Surely they will not hand it over to the borrower and just let him do what he likes with it.

Mr. GARLAND (Bow River): I hope not.

Mr. ROBB: Having read carefully the reports made by Doctor Tory who was appointed to investigate this question, and having listened to the arguments of those who advance such a measure as this, my understanding is that we should provide not so much for a cheap method of financing loans as for a cheap method of helping the man who is really farming, the man who is on the land, to farm. That is where I differ somewhat from my right hon. friend. I would not want to widen this too much; I would like the measure to go through so that it would be regarded as a sound financial means of enabling the real farmer who is farming to get money at a reasonable price. The closer we can keep to that, the better value we put on those bonds when we come to sell them on the market.

After all, the man who invests money looks carefully into the matter to see whether it is a real farmer who is working the land or some chap who is carying the land along in the hope that some day it will increase in value and he will sell it. Having made this statement, I may say that my friend and colleague the Minister of Railways, who has had a very wide experience in regard to rural credits and whose rural credit system has been in point of success second to none in Canada, will take charge of this measure, and I hope it will go through in such a way as to keep in mind bonds that will be gilt-edged when they come to sell them. That is the way to get cheap money. I am glad

to know my right hon. friend is coming back to the speech he made earlier in the session. I gather now he is thoroughly in sympathy with the proposition.

Mr. MEIGHEN: He never was away from that speech; but if the Minister of Railways has made such a great success of the rural credit system in Saskatchewan and there is a very fine system in Ontario the thought occurs to me that perhaps we ought to let well enough alone.

Mr. ROBB: There are other provinces.

Mr. MEIGHEN: I would not like to say that Quebec was not just as capable of working out as good a system as Ontario, or Manitoba not as capable of working out as good a system as Saskatchewan. If this system in Saskatchewan is flowering and fruiting in such magnificence it is too bad to interfere with it. Why enter into competition and have two systems starving instead of one flourishing? I know that will appeal to the fine sense of logic of the hon. member for Cartier.

Mr. JACOBS: Why to me particularly?

Mr. MEIGHEN: Because of his particularly fine sense of logic.

Mr. JACOBS: I thank the right hon. gentleman very much.

Mr. MEIGHEN: The minister says: We just want to help the real farmer. I do not know about other districts, but I know that about the best real farmers in the district in which I have lived most of my life live right in the town. I have land sold to men who are living on it and I would lose a good deal of money to get them off the land and have one or two of those men who live in town and farm outside take the land instead because they are the real farmers. Take Regina. How many real farmers live there? Hundreds of them, I have no doubt—farmers who are just as good as any man who stands up against the winds of winter and endures the dust of summer. The distinction cannot be drawn. If a man owns the land and farming is his business he should be included with the others. A definition embracing such farmers is defensible; it is a rock on which you can stand. But this is not defensible, and what is more the government will not be able to stand by it. They will yield all right, and it will not be very long before they do.

Mr. JELLIFF: I am in accord with what the leader of the opposition (Mr. Meighen) has said. The word "occupy" should be changed to "cultivate." In parts of the country from which I come there reside in the towns people who own land and do their own farming. These people in many cases live anywhere from one to five miles from their farms and they have been looking forward to the benefits of this legislation. Indeed, they are among those who need the legislation. I hope the minister will amend the definition.

Mr. DUNNING: The Minister of Finance (Mr. Robb) is obliged to leave; it is not a matter of choice; and in view of the importance of getting the legislation through he has requested me to take hold of it for the time being, as well as possible. Perhaps it was unfortunate that he should have lauded me as an expert in this matter, for I do not claim to be one. I do however know something of the difficulties of administering such a scheme, and while I recognize the great difficulty presented by the point raised by the leader of the opposition, I submit that there is a far greater difficulty inherent in the point I have brought forward myself with regard to the business man securing a loan on the farm. There are not many small business men in villages who cannot demonstrate, if called upon to do so, that their farming business during the past year has been more important to them than any other activity, whether it be machinery or any other business. With regard to the point mentioned by the hon. member (Mr. Jelliff) he will find fully met in paragraph (f), the difficulty which he fears.

There are in relation to legislation of this kind many things which must be worked out in the course of administration. It is impossible to set forth in a section of the bill a definition so comprehensive as to cover all the various conditions to be encountered from the Atlantic to the Pacific in all the different types of agriculture which obtain in this country. But one important consideration, as the leader of the opposition himself has pointed out, is to get a sound underlying security. That being the case, should we not start too tight in our provisions rather than too loose? Experience indicates that we shall in any event run into other difficulties. After all, the definition of "farmer" has reference to the borrower, over whom you have virtually no control when once he has obtained the money. You have of course certain drastic powers under the mortgage, but as a matter of practice you could not take advantage of them. I do not think it will be argued that there is any desire to establish an agricultural credit system which

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would lend itself easily to the securing of loans by any man, who, immediately or soon after the receipt of the money, ceases to be a resident farmer and becomes a renter. Manifestly, renting does tend to depreciate the value of the security originally given. There are of course exceptions, but that has been the experience of lending generally.

My view of this legislation as regards these particular features is, on the whole, that we should have it sufficiently restrictive to make our underlying security attractive to those who may desire to purchase bonds. That is why I urge that the provisions should be tight rather than loose to begin with. It is much easier to loosen them later on if that is found necessary. Let us however begin on a sound basis, leaving any expansion to future consideration as necessity arises.

Mr. SMITH: I want to bring back the discussion, which has gone far afield, to the question raised by Maritime members in relation to some provisions for fishermen. Members from the Maritime provinces during this session have stressed the necessity for relief for our coal miners, and have failed to get any response. They have asked for some consideration for the steel workers in that part of the country, and have got nothing. They have requested some general relief for the people of the Maritime provinces and they have been given a royal commission. We can with justice appeal to the minister for some relief for our fishing industry, the importance of which may be gauged at once at a glance at the map, which will show the length of our coast line. The figures quoted by the hon. member (Mr. Foster) will give some idea of the magnitude of this industry. I have not studied this bill carefully, but there appears to be some difference of opinion as to whether it does or does not include fishermen who own real property. I do think the minister should amend the bill to include these people, and enable them to obtain what the hon. member for Brandon describes as cheaper money. The hon. member for Hants-Kings also pointed out the necessity for immediate relief to the fishermen; it is no use postponing it for another year. Surely after hearing what Maritime members have had to say about conditions down there it should be unnecessary for any one to labour that point. We need relief at once, and I would appeal to the minister on purely non-partisan grounds to give to the fishing industry of the Maritime provinces the consideration to which it is entitled. For that reason the scope of the bill should be widened to include fishermen.

Mr. BURY: The term "occupation" does not suggest any difficulties to me; I do not think it necessarily includes residence. Apparently, however, the bill is intended to benefit stock raisers, and if that is so the word "cultivation" hardly covers the case. I understand also that it is intended that the benefits of these provisions shall apply to fruit growers, in which case I doubt very much whether the word "tillage" will serve the purpose. The minister will have to use much wider terms than "cultivation" and "tillage" if he is to bring in stock raisers and fruit growers. I would suggest some other phrase such as "farming operations thereon" or words to that effect.

Mr. DUNNING: I do not think we can devise a long term farm scheme which will fit the ranching industry. It is not practicable in nine cases out of ten for the rancher to give security on the land, very much of which is leased. It is not contemplated that the bill shall apply to ranchers as such. It is meant to apply to those engaged in mixed farming and who can give some basic security on the strength of their land for the loans they receive. I do not think there is any doubt as to the provisions being sufficiently wide to deal with all classes of cultivation including fruit farming and other things of that kind, but I must admit that I do not think the bill would include a rancher, who was not cultivating the land but ranching in the old sense of the term.

Mr. MARCIL: Speaking of the class I referred to at the beginning of this debate, the farmer who is occupied part of the time in fishing or lumbering but who can give security under this act would not be debarred from this measure, as I understand it. In our district men farm, do lumbering in the winter time and fishing and other things, but if they can give security on farm land they would come within the scope of the act. I would like to understand that thoroughly. I know there is some reference made in section 7, subsection 3, to the effect that:

> Loans under this act shall be made only to farmers actually engaged in or shortly to become engaged in the cultivation of the farm mortgaged—

All our people in the Gaspesian peninsula are farmers, fishermen and lumbermen combined.

Mr. DUNNING: How much land do such men cultivate?

Mr. MARCIL: They own farms of thirty, forty and fifty acres.

Mr. DUNNING: In my opinion they are not debarred from this act.

Mr. McQUARRIE: Would it not be advisable to include fishermen as well? Farmer means any person whose business is solely that of farming, and the definition goes on to say:

—and who owns and occupies a farm,—

It would only be necessary to include the word "fishing" as well, and this matter would be cleared up beyond any doubt. I am afraid that if this is not done the fishermen will be out, and it will not be possible to loan money to a man whose business is fishing. If the government wish to be fair they should include fishermen as well as farmers.

Mr. BOYS: What does the minister say is the meaning of the word "occupies"? Does that mean personal, actual occupation?

Mr. DUNNING: That is the point we have been discussing for some time.

Mr. BOYS: I would like to find out, because if that is what it means I think it is in conflict with the provisions of section 7, subsection 3, which is as follows:

Loans under this act shall be made only to farmers actually engaged in or shortly to become engaged in the cultivation of the farm mortgaged...

That would clearly embrace a man who might be living in a city with a manager running his farm; he would be engaged in farming and would come within the provisions of this act, as I think he should. I am in favour of this act so far as it is going to give relief to bona fide farmers, but I am absolutely opposed to it if the intention is to go further, unless you are going to broaden it to include fishermen. It seems to me that should be done in a separate bill, if it is to be done at all, and if you are going to assist the fishermen of the Maritimes I would put in a word in favour of the fishermen on the Great Lakes. They are as much entitled to relief as anyone else, and there are a great many of them. But it is my opinion that we should not deal with both classes in the one bill. If the word "occupies" is intended to have the wider meaning contemplated by subsection 3 of section 7 I would suggest to the minister that more appropriate language would be:

—who owns and is in possession of—

Legally, as everyone knows, you may be in possession of a farm without living on it, and if this language is used there can be no doubt. If on the other hand it is intended to confine it to those who are in actual physical occupation, you are certainly in conflict with the provisions of section 7.

Mr. DUNNING: The intention of the government is undoubtedly to have it apply to resident farmers and that, I am informed by the Department of Justice, is a correct statement of the meaning of the language used in both the defining clause and that under discussion.

Mr. SUTHERLAND (South Oxford): If that is the desire of the minister would it not be better to let the word "solely" remain?

Mr. DUNNING: We have the difficulty raised by the hon. member for Bow River (Mr. Garland), that some judge in the west has held that a man engaged in threshing is not solely a farmer. Those of us who are farmers know that threshing is an essential part of the business of farming, and that it is done on the farm as a part of the farm operations. Custom threshing would rule a farmer out. The object of striking out the word "solely" was to meet such a case, because it would be manifestly absurd to rule out all those men who do a little threshing for their neighbours as well as their own.

Mr. MURPHY: The minister has stated that it is the intention of the government that loans shall only be made to bona fide farmers actually resident on the land. Many men reside on a certain quarter section who own other lands as well. Would such a man be eligible for loans on such other lands, as well as on the land where he actually resides?

Mr. DUNNING: I am advised that the act provides for such contingencies. There is no particular piece of fence specified; if the farmer owns other land across the road there is no reason why that should not be included with the land on which he resides.

Mr. BOYS: That might be so if it were not for section 7. But with that section I do not see how the minister can make that contention at all. If a man owns four farms the minister has informed the committee that under the definition of occupation he must be in actual personal occupation, and that is only possible on the land on which he resides. Suppose he has land in a different township altogether; if he is actually a farmer and is farming that land, why should he not be able to get a loan on both farms? It seems to me the distinction should be between those actually and honestly engaged in farming, and those carrying on something else as a side line. If they are able to run two or three businesses they should be able to finance

their farms. But I cannot see why a man should not be able to get loans on two or three farms, no matter whether they are in different townships; he can only live on one of them. I think the minister must either alter the definition of the word "occupies" or he must make an amendment to the act.

Sir EUGENE FISET: Why not take out the word "occupies" altogether, and leave the definition as in subsection 3 of section 7?

Mr. SUTHERLAND (South Oxford): The minister claimed that the word "solely" was taken out to enable the man engaged in threshing part of the time to come under the act. Surely threshing would be considered part of the work of farming, and the man doing this work would not be barred in that case. I think if the word "solely" is retained and the words "and occupies" are removed, it would meet all the requirements.

Mr. BEAUBIEN: My idea of this legislation, and of the reason why it has been advocated for some years, is that it will keep the people on the land, and encourage others to begin farming. This will facilitate the financing of these ventures at a cheaper rate.

Mr. CAHAN: How does this bill do that?

Mr. BEAUBIEN: That is my view of the purpose of the legislation.

Mr. CAHAN: According to the way I read the bill a man may be resident on the land at the time he applies for and receives the loan, but there is no provision that, having received the loan, he should not take up his residence elsewhere.

Mr. BEAUBIEN: Suppose I give the hon. member a mortgage for five or ten thousand dollars on my farm. You lend me the money on the security of the land, and you have no right to tell me what I shall do with my money. That is my point. It has been argued that men living in towns or villages who are engaged in farming as a side line should come under this bill. I claim that a real rural credits measure that has anything else in view but to help keep farmers on the land, and to encourage others to go on the land, is wrong. I make this statement from practical experience and of my own knowledge, that no man is going to make a success of farming unless he resides on the farm. I am living in possibly as old established a district as there is in western Canada, along the Red river, where there is the finest fertile soil. Farmers come in there from the United States who have bought farms and whole townships, and they would never have made a success of farming if they had not had unlimited means. What we want to do by this measure is to encourage our people to stay on the land, and provide them with facilities for getting cheap money in order that they will remain on the land. But if you are going to take in all these other people you are going beyond the scope of what should be accomplished by this measure. You are going to allow a lot of land miners to come under the legislation, and I do not think that class are in need of help.

Mr. COOTE: I think it is the desire of this committee to make this subsection quite clear. As it now reads, it may mean any person whose business is that of farming, and who owns or occupies a farm. The discussion, so far as I can gather, is largely centering around the meaning of the word "occupies," and it does seem to me there is some force in the contention of some hon. members who have argued that the word means resides. The section as it reads now should certainly be changed somewhat. There are in some parts of western Canada very good settlers who reside in small communities and work the land for several miles around from that one centre. In fact there are some people who are advocating this very type of settlement. I personally know of these settlements. The men are splendid farmers. I do not think there is a probability of our getting a better type of farmer, or of finding any finer land on which to make a loan, but it might be questioned whether these men are actually residing on their farms.

Mr. BEAUBIEN: Could not that be covered by regulations?

Mr. COOTE: If "occupies" is not read as meaning "resides," I do not think "occupies" should be so interpreted. The point should be cleared up so that there will be no doubt about it.

Mr. DUNNING: The word "occupies" was put there rather than "resides" in order not to be too cramping in the definition. We have had the case mentioned of a man who might be residing on one side of the road and running a farm on the other. With respect to these people, and also those who are living in the centre of their farming land and farming the land around, bona fide farmers, authority is given in the bill to make such regulations as will cover the vast variety of exceptions which exist but which nevertheless must come within the definition of "owns and occupies." There will be a vast variety of exceptions even in a province

like Saskatchewan where conditions are almost similar from one end of the province to the other. Broadly the intention is to make this act applicable to the resident farmer, and that end can be better achieved perhaps by not using too great strictness in legal definition. Manifestly some latitude must be allowed to the board to deal by regulation with bona fide cases such as have been mentioned, provided the original intent is carried out, which is that the benefits of this legislation are intended for the bona fide farmer living on the land, and not those we were discussing a little while ago, whose main business is not farming but who are living in some village or town and engaged in some other business—and nearly all of our western business men have farms in addition to their regular business. We intend to shut them out. All I can say to the committee is that that is the intention of the government, and it will be necessary, unless you cramp it very tightly, for the board set up under the authority of this legislation to make regulations in order to effectuate that intention.

Mr. BOYS: If the regulations made are in conflict with the statute, the minister agrees that the statute will govern. Now we have this point right before us. Suppose a man owns three farms, is farming one himself, and rents out the other two. He wants a loan in connection with one of the rented farms, just as much as he might want it in connection with the farm he is living on and working. But if the minister's interpretation of the word "occupies" is correct, he could not get a dollar by way of loan on the other two farms he is renting out. Now why shouldn't he?

Mr. DUNNING: We are really not going into the business of financing farm land which is rented out. We think it would be a very bad thing in principle for the state to give aid in connection with that kind of operation. This legislation is intended for the benefit of the agriculturist who is farming his land, not the man who is renting the land, whether he happens to live on another farm or in town.

Mr. WOODSWORTH: Would this be too loose—"whose main occupation is that of farming"?

Mr. DUNNING: I do not want to cut out the fisherman-farmer.

Mr. BURY: I cannot see any difficulty about the use of the word "occupation". I do not see how you could argue that it implies residence. So far as the case mentioned by my hon. friend from North Simcoe is concerned, if a man rents a farm to another, the landlord is not in occupation of the tenant's holding. The moment he rents out the land for even a year he has ceased to be in occupation himself, and the occupation is the occupation of his tenant. It would be a mistake so to frame the bill as to insist that a farmer must reside on his land in order to get a loan, because if you do that you will necessarily confine the loan to the land on which he is residing. Some farmers may have moved into a village or town for the sake of the educational facilities, or perhaps for the sake of health. They may not be able to reside on their farm at the particular time when they want a loan upon it, but nevertheless they may be working it.

Mr. CAHAN: As I read this bill, a man may reside on a farm and obtain a mortgage loan on another farm. It need not be the farm he occupies or resides upon.

Mr. BOYS: The minister says no.

Mr. CAHAN: I am dealing with the bill as I read it, and I would like any section to the contrary pointed out.

Mr. BURY: The act should not be so framed as to confine the loan to the land on which the farmer is residing, nor do I think it should be so framed as to deprive the farmer, who for some reason has to live in a village and not on the farm itself, but who is perhaps doing nothing but farming, of the benefits of this legislation. Another thing to which I should like to call the attention of the minister is this: He has told us that it is not intended to extend the benefits of this bill to ranching. If so he will have to alter his definition because the definition expressly says that farming includes stock raising.

Mr. DUNNING: The later definition provides for that.

Mr. BURY: There is the trouble. As it stands your bill will be inconsistent. You have a section there which is intended to define the meaning of your terms. That should be the regulating section as to what the meaning of a term is. Then by some other section, which is inconsistent, you make it possible by implication or inference to alter the plain, clear meaning of the defining section. If you are going to extend the benefit of the bill to fruit farmers I doubt if the term "tillage" technically includes fruit farming.

Mr. TOBIN (Wetaskiwin): Is there anything in the bill to prevent a man from securing a loan and afterwards renting his farm?

Mr. DUNNING: No. I may say that there is a provision as to the sale of the security in section 7.

Mr. CANNON: I have here a copy of Webster's dictionary in which "occupant" is defined as follows:

One who occupies, or takes possession; one who has the actual use or possession, or is in possession, of a thing; one in occupation.

I think there can be no doubt that "occupant of land" means who ever has the actual use of it.

Mr. DUNNING: Possession.

Mr. CANNON: And possession, naturally. He can be a resident and he may also not be a resident. The tenant of a farm is the occupant of it.

Mr. GEARY: Does my hon. friend occupy his seat when he is not sitting in it?

Mr. CANNON: That depends. We have legal fictions that bring about the most extraordinary results.

Mr. COOTE: May I ask whether the act will be administered according to the lawyers who may wish to question it?

Mr. McMILLAN: You could not get them to agree anyway.

Mr. BOYS: Let me address a final word to the minister. We understand now from him that "occupied" means physical and personal occupation. If that is so does the minister think that in section 7, subsection 3, that thought is carried out? The subsection in question reads as follows:

Loans under this act shall be made only to farmers actually engaged in or shortly to become engaged in the cultivation of the farm mortgaged—

Mr. DUNNING: That is the intention.

Mr. BOYS: It seems to me the sections are clearly in conflict.

Mr. DUNNING: If you read that subsection in the light of the definition of "farmer" I think it is perfectly clear.

Mr. ROGERS: I was going to say something about the experience we have had in Manitoba. If you widen this bill so as to provide that in order to effect a loan a man need not be a resident you open a very wide gate. The province of Manitoba has a rural credit system and has lost about $750,000 in connection with it. I venture to say that 90 per cent of that loss resulted from making the provisions unduly wide. Certain individuals living in towns commenced to speculate in farming with the result that there was a heavy loss in the operation of the system. I think that the loss of three-quarters of a million dollars in Manitoba was almost entirely due to that condition of affairs. Therefore it would be well to safeguard the present bill and confine the right granted here to farmers who live upon the land. If the provision does not work out satisfactorily it can be amended next year.

Mr. CAHAN: Paragraph (d), which we are discussing, defines a farmer as any person whose business is that of farming and who owns or occupies a farm. I submit that paragraph (d) does not cover a case in which the commission will advance a loan and take a mortgage.

Mr. DUNNING: Paragraph (f) covers that.

Mr. CAHAN: No it does not. What I suggest is that it is covered by subsection 3 of section 7, which reads:

Loans under this act shall be made only to farmers actually engaged in or shortly to become engaged in the cultivation of the farm mortgaged—

Now, loans under this bill are to be made only to farmers, and under paragraph (d) of section 2 "farmer" means one who owns and occupies a farm. Then under subsection 3 of section 7 it is provided that farmers must be "actually engaged in or shortly to become engaged in the cultivation of the farm mortgaged." The farm mortgaged need not be the same farm the occupation of which makes the person seeking the loan a farmer. As long as he is a farmer and owns and occupies one farm he may, I suggest, under this bill secure a mortgage upon an entirely different farm which he does not occupy.

Mr. BURY: So long as he performs the conditions with respect to it.

Mr. BOYS: So long as he is engaged in farming.

Mr. CAHAN: Yes, but he owns one farm and occupies another and is engaged in cultivating it. A loan can be made on the farm which he owns and occupies, but a loan may also be made upon any other farm in the cultivation of which he is about to become engaged.

Mr. CANNON: He would not have any right to mortgage his farm unless he owned it.

Mr. CAHAN: Certainly, but he need not occupy it. That is my point.

Mr. CANNON: He cannot reside on two farms.

Section agreed to.

Section 3 agreed to.

On section 4—Power of board.

Mr. GARDINER: I would suggest that this section be amended. It gives power to the board to hold for five years property it has taken by reason of foreclosure. Personally I think that five years is too long a term.

Mr. DUNNING: That suggestion has been considered. I move to strike out the word "five" in the fifth line and substitute therefor the word "three."

Amendment agreed to.

Section as amended agreed to.

On section 5—Capital requirements, initial capital.

Mr. ROGERS: What is the necessity for taking in the western provinces? We have had the rural credit scheme in the three western provinces and have not succeeded very well with it. I think we should keep clear of those provinces. If we are going into a rural credit proposition, why not let the Dominion take it up? The provinces have their own rural credit system; why duplicate it?

Mr. DUNNING: It is to avoid the very duplication my hon. friend refers to that this scheme is proposed. No province will come into it if it prefers to continue the provincial scheme it now has. But if it desires, because of the greater pooling of security involved in the Dominion scheme, to come in, there is no reason why it should not cease the operation of lending under the provincial scheme, and turn that organization into co-operation with the Dominion, under this scheme. The great objective is the pooling of security over a wide area, such as has been done in the United States and other countries, in order to provide efficient security for an issue of bonds which will be well understood by the public and popular with them as a sound investment. Co-operation with the provinces is also necessary in order to attain the necessary flexibility. We in the west have been complaining for many years that the financial relationship between those lending money and the farmers of the west has been greatly hampered by the fact that the lending bodies are in the east and do not understand thoroughly the conditions under which the borrower himself is working. By having the provincial co-operation provided for in this bill, it is hoped to bring about that local knowledge, sympathy and understanding which have been lacking in the operation of highly centralized institutions engaged in business of this character in the past. Most of our financial institutions would themselves admit, I think, that they are constantly striving to overcome the problem created by their very centralized nature. They require to be centralized in order to gain strength, but in the operation of their business they must constantly find fresh means of coming into closer contact with the individuals with whom they are doing business from one end of Canada to the other. By co-operation with the provinces it is possible to get the detailed information and the knowledge that brings; and to get at the same time the strength which comes from centralization and the pooling of the mortgage credit of the farmers from one end of Canada to the other.

Mr. CAHAN: Will the hon. minister tell us frankly what has been the experience of the provincial boards in Alberta and Saskatchewan? We in the east are led to believe, from the reports circulated by the governments of Saskatchewan and Alberta, that there have been very great losses in the administration of similar schemes by those governments. We who live in the east know that one of the largest banking institutions in this whole country went to the wall not because of one large account in the east but because of millions of dollars which it had loaned out in the west which could not be recovered. Before we can be in a position to understand whether this is really a reliable scheme which will pay its way, and whether trusts funds may be safely invested in the bonds to be issued, we should be informed as to the schemes which have been in operation in the two western provinces, as to their success or otherwise, and as to what particular provisions are inserted in the bill now before the House to provide those safeguards for investments that were not provided in the schemes adopted by Alberta and Saskatchewan.

Mr. DUNNING: My hon. friend's premise is not correct in the first place. He refers to a scheme in Alberta. There is no such scheme in Alberta. That is number one.

Mr. BURY: But there were measures for rural relief which lost money.

Mr. DUNNING: We do not want to mix up two entirely separate things, two things which are separated by every financial institution having to do with such matters, that is, the long term mortgage credit system on the one hand and the short term or banking business on the other. Rural credit is an inclusive term which might be said to include both, but the term rural credit has later come to mean the short term credit system

rather than the long term farm loan mortgage system. In Saskatchewan and Manitoba there have been in operation long term governmental farm mortgage systems. Perhaps I am not quite correct in describing the Manitoba scheme as governmental in its operation. It is an association in which the government has considerable interest. Many people have the idea expressed by the hon. member for St. Lawrence-St. George in that they confuse the operations of the rural short term credit system in Manitoba with the operations of the long term farm mortgage credit system in Manitoba and Saskatchewan. That confusion has arisen in Saskatchewan itself. Saskatchewan never had a governmental short term rural scheme; they have not regarded it as a field in which it would be wise to operate.

Mr. CAHAN: Then as to Alberta?

Mr. DUNNING: I believe Alberta has a short term credit scheme, but the hon. members from that province can speak as to that.

Mr. SPENCER: There has been no disaster in Saskatchewan.

Mr. DUNNING: No. The disaster took place mainly—and I am subject to correction by hon. members from Manitoba—with respect to the short term rural credit scheme in Manitoba. While I say that by way of clearing away the underbrush and getting down to what we are discussing, namely a long term credit system, I do not want the committee to believe that the experience in Manitoba and Saskatchewan has been entirely a bed of roses in connection with the long term mortgage credits. There have been difficulties. With regard to the scheme I am most familiar with, the farm loan board of the province of Saskatchewan, we must remember that it commenced operation in 1917 or 1918. It has passed through the most difficult years from the point of view of mortgage security that western Canada has ever passed through. While there have been difficulties I may say to my hon. friend that on the first of January of this year the Saskatchewan Farm Loan Board had paid to the Saskatchewan government every cent of interest due on advances by the government to the board. That does not mean that all of the farmers paid all of the interest due by them to the board; but in the aggregate they paid sufficient of it to enable the board to repay all the interest which the board owed the government, and in addition the board was enabled at the same time to reduce the amount lent by the government for administration purposes by about $75,000 There have been further collections since then.

For the information of my hon. friend I might state that the Saskatchewan system was based on a rate of interest to the farmer of 6½ per cent and the loans were for thirty years. That meant in effect that the farmer paid 7.65 per cent including amortization, or to put it more simply, $76.50 per $1,000 per annum repaid the loan, principal and interest, in thirty years and that $76.50 per annum which included principal and interest was, of course, as the hon. member knows, a smaller amount than the farmer would ordinarily pay for interest alone to the ordinary mortgage institution. That is the measure of benefit to the individual farmer in that case.

As to the amount invested, in Saskatchewan about $10,000,000 has been lent by the board and in Manitoba I believe almost a similar amount has been lent by the Manitoba Farm Loans Association. I believe the Manitoba experience has not been unlike that of Saskatchewan. I admit that such a scheme requires the most careful administration. The man in charge should if possible be Scotch and he should have a very strong back-bone.

Mr. CAHAN: He might be a French-Canadian and have the same characteristic.

Mr. DUNNING: There are a good many French-Canadians with Scotch names who might qualify, but he should have those characteristics I speak of just as the manager of any lending institution must have a pretty stiff back in order to make a success of his business. There is a tendency in some quarters to regard schemes of this kind as philanthropic. We must not regard this as a philanthropic institution; this is a scheme to enable farmers to pool their mortgage credits in order to get the advantage which comes from combining their credits and resources. It has succeeded elsewhere; I believe I am correct in saying that the experience of the United States scheme, which is similar in many of its aspects to the scheme which we are now considering, may be said to be of great advantage to United States agriculture during a very difficult period. They have had their difficulties in operation and we shall certainly have ours. The administration of this will not be easy; but I believe and the government believes it will accomplish valuable results in reducing the cost of long-term mortgage credits to agriculture generally from one end of the country to the other.

Mr. CAHAN: I am not asking for information for the purpose of opposing this bill. The words of the hon. gentleman will go to the east and be read by many who are interested in the financial scheme incorporated in this bill. I understand from my hon. friend that prior to the present time the interest has been paid upon loans made by the Saskatchewan government to the board.

Mr. DUNNING: Yes.

Mr. CAHAN: But I understand that all that has been paid by the farmers for the amortization of their loans has been utilized by the board for the purpose of paying interest up to date.

Mr. DUNNING: I am sorry if I gave that impression. Every dollar that is paid by a farmer on principal is a payment on principal from the board to the government and can then be relent by the government to the board for the purpose of making other loans. All interest payments made by the borrower to the board are the only sums available to the board wherewith to pay interest due by the board to the government.

Mr. CAHAN: How long has the Saskatchewan scheme been in operation?

Mr. DUNNING: Since 1917 or 1918; I forget the year.

Mr. CAHAN: Eight or nine years. During that time, to what extent has the government been compelled to make foreclosure and to take over land under mortgages

Mr. DUNNING: That is in the report; I could not answer my hon. friend offhand. Of course the government does not take over land; the board does. The board acts in the matter in the same manner as a mortgage company.

Mr. CAHAN: The board is the government for all practical purposes.

Mr. DUNNING: Not for business purposes, because the government's relationship to the board is that of lending to the board money which must be met in exactly the same way as if the board was a mortgage company. Of course in a large business amounting to $10,000,000 the board have some foreclosures and they have as a result a property account. They set up a reserve in respect of losses on property account exactly as a mortgage company would do. I have not the report of the board before me. They have taken possession of quite a number of parcels of land but usually only in cases of abandonment. Those eight or nine years of experience of the Manitoba and Saskatchewan schemes are by common consent the worst eight or nine years of mortgage experience in western Canada. We have tasted what we may hope is the worst that we shall have to experience along that line.

Mr. CAHAN: This information must be available in some department and I would like the minister to give the committee information which will be very valuable not only to this committee but to the country. The country is taking a deep interest in this bill. Of course in my experience I cannot distinguish as the hon. member does between a board appointed by and responsible to a government and the government itself. I regard it simply as an agent of the government for carrying out a particular undertaking. Further, while I am not presaging any evil I do not think there is any doubt that with respect to the grain districts in the next ten years we are likely to meet with difficulties quite as great as those created by the deflation of the last ten years. We must keep that in view in order to put this scheme on a sound basis, because we must have it on a sound basis as the government is placing it in the power of every trustee throughout the length and breadth of Canada to invest trust funds in securities which the government is hereby creating.

Mr. DUNNING: Of course this is only a matter of opinion, but I can say this based upon my hard experience of the last eight, nine or ten years, that this scheme if properly administered would stand the test of a similar ten years. That is, the foundation of this scheme renders it capable of meeting such conditions as those referred to by my hon. friend. I shall be glad to have with me after eight o'clock material indicating the experience of the Manitoba and Saskatchewan schemes with regard to foreclosures.

Mr. CAHAN: The information should be placed on the record so that the House and the country may be fully informed in regard to it, because while I know the minister is a practical man I would rather draw my conclusions from my experience.

Mr. COOTE: While the minister is getting that information as to losses sustained by these two provincial schemes, he might ascertain what losses have been sustained by private mortgage and loan companies in western Canada. It would be interesting to compare the respective losses of the provincial and private systems of lending money on long term mortgages.

Mr. DUNNING: I shall be glad to get that information.

Mr. ROGERS: Has this bill been submitted to the financial firms?

Mr. DUNNING: Since it has been brought down they have all seen it.

Mr. ROGERS: Have they approved of it?

Mr. DUNNING: I did not ask them.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: When the committee rose at six o'clock we were considering clause 5 of Bill 148.

Mr. NEILL: I would like to ask why it is deemed necessary to start this board off with exemption from interest for three years. In three years the interest on $5,000,000 at 5 per cent will amount to something like $750,000, and if this board is to stand on its own feet surely it does not need that exemption.

Mr. DUNNING: The minister, I know, gave quite a little consideration to the necessity for providing marginal security for bonds in the capitalization of the institution. For the information of the House I have here noted that under the United States scheme the federal government supplied each bank with $750,000 of initial capital; the borrowers subscribed to the extent of 5 per cent on their loans and became liable, if necessary, for assessment for another 5 per cent. But it must be remembered that in the United States the bonds are exempt from taxation of all kinds, a principle which we are not following in this bill. It is not intended that the whole of the $5,000,000 will be subscribed by the Minister of Finance immediately, but only as required.

Mr. GARLAND (Bow River): And possibly not at all.

Mr. DUNNING: Possibly not at all, but that is not probable. As the provinces come into the scheme it is anticipated that the capital authorized to be subscribed by the Dominion will be paid over by the minister as required.

Mr. GARLAND (Bow River): But is it not true that the scheme may be carried out without requiring the whole $5,000,000?

[Mr. Coote.]

Mr. DUNNING: Of course we may never pay the full $5,000,000. The issuance of bonds may be sufficiently successful to meet the requirements of the Farm Loan board without drawing upon any substantial portion of that amount.

Mr. ROGERS: I would regard the exemption from interest for three years as a very unsound principle to start with. As I understand it this rural credit scheme is being adopted for the purpose of providing cheap money to those who require loans on farms. If you start on an unsound basis, different from that of any other business concern of the country, then you lend your position to creating trouble all the way through. If you are going to exempt this amount from interest for three years you can do anything else you like that will be regarded and will be in fact unsound. I think it is a great mistake.

Mr. NEILL: The wording of this section hardly justifies the hopeful anticipations of the hon. member for Bow River (Mr. Garland) because it does not suggest that only any sum less than the $5,000,000 needed to float this venture, will be exempt from interest. It says:

> The amounts provided from time to time under this subsection shall be free from interest charges for a period of three years.

Supposing they start with $2,000,000, and when another province comes in they want another $1,000,000; the whole $5,000,000 will ultimately be taken out. I appreciate the minister's point that it is desirable to start on a sound financial basis, but it is too much to give them $750,000. The board will start with this present and after a while they will say, "We are doing nicely; we are paying our interest to the government." Yes; for the first three years it will not be difficult to do that, because there will be no interest to pay. That may even cover the next three or four years, because they will have a start in that way. They may be even tempted to reduce the rate of interest on the mortgages, because they will do so well, but they must remember that they will not have $750,000 handed to them every three years, and they may be led to take an optimistic view of the situation and get in what the minister seeks to avoid, an unsound position.

Mr. DUNNING: The Minister of Finance did give consideration to approaching this matter from the standpoint of a definite grant for organization purposes rather than the method provided in this bill, and it was felt that the organization expense could be better

dealt with in this manner, because under this scheme no more would be taken than is necessary. The freedom from interest would be the full extent to which the board would be assisted directly by the government, and by approaching it on this basis the assistance is altogether and at all times proportionate to the development of the business. That was the view of the minister in deciding to adopt this method rather than the United States method by which $750,000 was given to each bank.

Mr. CAHAN: With respect to this first provision of what is called the initial capital not exceeding $5,000,000, the amounts provided from time to time shall be free from interest charges for a period of three years. No money will he required unless a loan is made; if loans to the extent of $1,000,000 are made in the first year there is no other source from which moneys may be obtained than from this initial advance, the 5 per cent additional amount advanced by the government plus the 5 per cent of each individual loan which is taken off the amount loaned to the individual. So it is impossible that there ever may be $5,000,000 of loans outstanding, except that money to the extent of 90 per cent shall be advanced from the federal treasury. I think that is quite clear. Then, as the loans are made, interest will accrue on these mortgages sufficient to cover the interest paid to the federal treasury plus the expenses of the administration of the board. Therefore there is no satisfactory reason that I can see why interest should not accrue to the federal treasury practically from the time that advances are made by the federal treasury. In respect of the 5 per cent of advances from the federal treasury, no interest is payable on that; in respect of the 5 per cent advance by the province, no interest is payable on that; in respect of the 5 per cent taken from the individual loan of the person borrowing, no interest is payable on that. Those contributions of 5 per cent each only receive interest by way of dividends arising out of the profitable administration of the fund by the board. So that with respect to the 85 per cent of other money advanced from the Dominion treasury, I can see no reason why the interest should not accrue from the time the advances are made, because the advances will not necessarily be made until corresponding loans are made to the individual borrowers.

Furthermore, why should you give freedom of interest for three years in order to cover the organization expenses? Give your money as cheaply as you will, if that is the desire, but certainly it should not be so cheap as not to cover interest plus administration expenses, and, although you might stretch the initial organization expenses over a period of years, over five or ten years if you like, nevertheless those organization expenses should be repaid to the federal treasury through the board. Therefore I suggest that this is an improper way of covering organization expenses, by giving freedom of interest for three years on amounts up to but not exceeding $5,000,000. It is a direct bonus which will never be repaid, and you are placing this board in competition with all the loan companies of the country. Why should you, in competition with the loan companies of the country, advance up to $750,000 of the organization expenses, which will never be repaid to the treasury, while every other competing company has to pay its own organization expenses and amortize its expenses over a term of years?

Mr. BURY: If the minister is not going to answer the hon. member for St. Lawrence-St. George, I would like to call his attention to certain elements in this section 5, and ask for an explanation. At the top of page 3 we are told that repayment of the amounts provided by the government shall be made from time to time out of the earnings of the board. Are we to understand that that means the interest paid on the loans, or are we to understand that it means as well the repayments made on account of capital? If the latter, then you cannot call those earnings. The only possible moneys coming into the board to which the term earnings could by any conceivable stretch of language apply would not be repayments of their own moneys, but the interest paid in addition to the capital moneys they have advanced, over and above all expenses. I call attention to that because if you will look at paragraph (a) of subsection 2 you will see that the Dominion government is to subscribe 5 per cent of the capital amount of the loan. Then it goes on to say:

—so that the total amount subscribed under this paragraph shall equal at any time as nearly as may be, 5 per cent of the total loans theretofore made and not fully repaid.

I take it that that is intended to mean 5 per cent of the unpaid balance of the loans that have not yet been fully paid off. It does not say that, but I assume that is what it means. That being so, the amount represented by the 5 per cent which belongs to the government is continually decreasing as the capital is being paid off, and I take it, therefore, that the term "earnings" must for that reason refer to more than interest, that

it must also include payments on account of capital. That is the thing that struck me as inconsistent and very difficult to explain, but if the minister means by earnings repayments on account of capital, it is capable of explanation.

Mr. DUNNING: It is a provision for the redemption of initial capital. Manifestly, repayments of principal cannot be taken for the redemption of initial capital because they will be required to redeem the other capital provided for loans.

Perhaps I might here say with reference to the other point raised by the hon. member for St. Lawrence-St. George, that we have always to keep in mind the fact that we are endeavouring here to create a security which will warrant public confidence as an investment. This security consists, first, of the farm mortgages pooled; second, of an investment by the provinces, the Dominion, and the borrowers, of 15 per cent of the total of the bonds—a marginal security to that extent, and in addition the interest-free provision for three years on the first $5,000,000 of initial capital. This is a further reason for following this method rather than putting in a sum by way of direct grant to enable this institution to organize. It must have money wherewith to organize, and we must create a kind of security which will be readily marketable at the best rate of interest in order that this scheme may function.

Sir HENRY DRAYTON: I would like the minister to explain which has the preference under this scheme—the government for the repayment of its $5,000,000, or the bondholders? If the government has preference then I can appreciate the point as to interest. If the bondholders, on the other hand, have the preference, the point is not well taken.

Mr. DUNNING: If my hon. friend will carefully read clause 5, I think that point will clear itself. At the top of page 3 it is provided that:

> Repayment of the amounts so provided—

That is, the initial capital provided by the government.

> —shall be made from time to time out of the earnings of the board; provided, however, that before any such proposed repayment is made the reserve fund of the board provided for by section 9 of this act, shall be at least equal to the total repayments including the repayment then proposed to be made.

Sir HENRY DRAYTON: What does my hon. friend say that means? Suppose he puts it in his own colloquial western language, what does it mean?

[Mr. Bury.]

Mr. DUNNING: I cannot improve on the language as it is written.

Sir HENRY DRAYTON: Then my hon. friend does not understand it. I have asked a plain, straight question, and I want to know what the answer is. Which is the premier security? This is something which is vital to the foundation of the whole thing. Which is the premier security, the claim of the government, or the claim of the bondholders?

Mr. DUNNING: The bondholders, undoubtedly. My hon. friend knows that as well as I do.

Sir HENRY DRAYTON: Now we have the answer. If the bondholder has the prior claim, it is then a matter of total indifference to the bondholder whether interest is charged for these three years or not, because he is prior not only to the government in connection with interest but also in connection with capital. That being so the answer given by the minister is no answer at all. Surely the minister sees that if the bond owners come to the government not only for interest but also for capital, their security is not a bit improved because they are given three years' interest. Their security is absolute as against interest for all time, and against the capital as well.

Mr. CAHAN: I suggest that that point, Sir Henry, is well taken.

Mr. DUNNING: What are you going to do about it?

Mr. CAHAN: That is what I am asking you. As the representative of the government I ask: What are you going to do about it? I am trying to discuss the matter in a serious way, because it is not quite satisfactory to force this through by a majority.

Mr. DUNNING: I am sorry if my hon. friend misunderstood me. I did not mean to imply what he suggests. What I meant was this: What suggestion would he offer to take the place of this provision and to deal with the problem of starting the institution off?

Mr. CAHAN: So far as the "starting" is concerned I suggest that the government is able now to estimate, within a few thousand dollars at least, the cost of starting this board. That expense should be treated as an initial expense to be repaid by the board ultimately out of earnings. This initial expenditure may be repaid over a term of years if you like, but it is part of the actual cost of these loans made to the individual farmers and should be

taken care of by a specific appropriation, not by non-payment of interest for the term of three years. Further—and I may as well discuss the point now, because it comes up under this provision—the bonds outstanding are the primary security. They are secured, as I understand, in the first place by the capital provided, to the extent of $5,000,000, by the government, plus five per cent of the loans outstanding provided by the province, plus five per cent of the loans outstanding provided by the individual borrowers.

Mr. GARLAND (Bow River): Plus something else.

Mr. CAHAN: What else?

Mr. GARLAND (Bow River): The security of the land itself.

Mr. CAHAN: The security of the land itself is very little.

Some hon. MEMBERS: Oh, oh.

Mr. CAHAN: I will deal with that in a moment. I am considering the matter in the light of the experience of loan companies and others in the northwest, particularly in view of certain provisions which prevail there with respect to prior liens for mortgages. Now the government should have security with respect to the advances which it makes —first, the $5,000,000; secondly, the five per cent of all loans actually made. With respect to that the government has only the security of the amount of the mortgages outstanding. Under the provisions of this bill the government has no prior charge in respect of its mortgage. We all know by report—I do not profess to be an expert upon the municipal or provincial legislation of either Saskatchewan or Alberta—that in those provinces respectively there are prior liens which come before any mortgage, whether it is a mortgage to this board, to a loan company, or to an individual. I have seen it stated that cases have arisen—and I have prepared a number which I believe to be actual cases —in respect of loans in Alberta. Take the first case. It was originally a loan of $700 to a farmer. The farmer was unable to pay the interest, and principal of the loan plus interest amounted to $808. When it came to foreclosing it was found that on that farm there were $1,330 of prior charges in the way of municipal taxes, provincial taxes, mechanics' liens, and so on, and when the property came to be sold the company that had made the loan had to pay those prior charges before being able to recover one cent of its original principal of $700, or one cent of its accrued interest of $108.

Mr. DUNNING: If my hon. friend will permit me, I think it would facilitate discussion if he would hold that material until we are discussing the clause relevant to it, which is No. 7. That clause bears directly on what my hon. friend is now discussing.

Mr. CAHAN: Then I will reserve my remarks. But it illustrates the point I wish to make that under this legislation bonds come first. The bonds have behind them the original advance up to $5,000,000 from the Dominion treasury, plus five per cent of all loans outstanding subscribed by the government by way of stock, plus five per cent of the loans outstanding provided by the province, plus five per cent withheld from the original mortgagee. So to that extent they are better secured than the government in respect of advances. Hon. gentlemen opposite laugh when I suggest that the government has practically no security but that which the original mortgage gives.

Mr. DUNNING: I did not laugh.

Mr. CAHAN: I thought the hon. gentleman was rather amused at my suggestion.

Mr. DUNNING: I was rather amused at something else at the time my hon. friend was making the suggestion, but I certainly was not amused at that.

Mr. CAHAN: Then we understand each other.

Mr. DUNNING: No, I do not think so.

Mr. CAHAN: I was going on to show that the farmer's security in a case where foreclosure came under the laws of Alberta was of very little value, in view of the presence of these prior liens and charges which exist under the law of that province. I will not go further at the present time than merely to state that some provision should be made to give real security to this government with respect to these prior liens and charges which are a first charge and which eat up, in many cases, the entire principal of the first loan. I will discuss the other point when we come to the proper section.

Mr. NEILL: There seem to be two lines of argument with respect to this matter. As to the one I entirely agree with the minister that it is highly desirable there should be the very strongest conviction in the minds of purchasers that these bonds are good. Otherwise, of course, the whole principle of the bill will be nullified because in that case people will only pay such prices as will make the money too dear. I claim that it would be much better that these bonds should be guaranteed out-

right by the government of Canada. That is a thing which would be understood by the humblest or least intelligent of our citizens. They would know then what they were doing. But when you tell them they are going to be guaranteed by the board, which gets its money without interest charges for a period of three years, it does not add to the security except in a very temporary way, because at the end of the three years the full liability will have to be taken up again, and it will not afford a permanent security such as a government guarantee would give. The other point of view that the minister advances it that it is necessary to provide for organization expenses, to give the board a start. The minister himself suggested a better way, namely by paying a fixed sum to begin with. I believe that the method in the bill will be almost an evil, because for the first three years of their existence the board will be wallowing in money. They will have the interest coming in and nothing going out, and it will be calculated to mislead them and to give them what is known in more common circles as a swelled head. They will begin to think they have more money than they really have, and may indulge in a course of dealing not altogether warranted.

I do not generally carry five million dollars about my person, but if anyone would give me a present of three-quarters of a million, I would undertake to finance this scheme at an agreed on rate of interest. Certainly any loan company would do so, and of course we recognize all the responsibility and inevitable trouble that arise when a government embarks on any scheme to lend money. The suggestion is made, what is the remedy? I would suggest an obvious remedy, either to give a direct vote for organization expenses and have no interest exemption, or cut down the interest exemption from three years to two years. Just look at the proportion of the thing. Here we have an expenditure of $5,000,000, and it is suggested that it will take three-quarters of a million for organization expenses. That does not seem a reasonable proportion for such a scheme. That would be equivalent to spending $750 in organizing an investment of a similar character of $5,000. I would suggest that it would suffice if we cut it down to an exemption of half a million. That would take care of the organization expenses on a most ample scale and would do away with some of the other objections which have been raised.

Sir HENRY DRAYTON: I agree in principle with a great deal of what my hon. friend from Comox-Alberni has said. There are really no organization expenses in the ordinary sense of the term at all. Organization generally has to do with the expense of selling stock and the like, and the expense of carrying your monetary overhead before you get under way. In this case you have no trouble about selling the stock or lending your money, and no loss in connection with the monetary overhead, because the money will be used when it is necessary. But that is not the real reason. The minister gave the real reason when he said, "We want the value of these bonds to be certain. We want people to know they are buying a good thing". I am paraphrasing what he said. And he said further, "We are giving three years' exemption from interest". But that whole object and argument goes when the minister tells me frankly something which he never could have considered when he inserted that provision, namely, that as he understands it now the bondholders are to come before the whole of the five million.

Mr. DUNNING: Of course they are.

Sir HENRY DRAYTON: So that they are ahead of the interest for all time. Therefore there is no possible object, according to his explanation, in giving an exemption. There is nothing like putting the matter plainly. Why not insert a clause in this bill saying that the status of the bondholders is ahead of the government and takes priority of the government not only for three years, but in respect to the whole of the capital and interest as well? In that case we would have a security unquestionably good so far as the bondholder is concerned. The cost is met, I think, without any very, very great expense to the treasury.

Mr. CAHAN: Why should we not go further than that and make a plain guarantee of the bond? You might as well agree first as last that no government now existing, and no government which may exist in the future, dare allow those bonds to go by default, no matter what the loss may be. The parliament of this country constitutes the board. The government undertake to make advances, and further than that, they provide, as part of this legislation, that these bonds shall be proper investments for trust funds in every part of the Dominion. A government which undertakes to form that board under legislation passed by this House authorizing the investment of trust funds in that board, dare not afterwards allow the bonds to be repudiated. Under present conditions the bonds

bear interest at 5 per cent. Under guarantee of this government those bonds bearing interest at 4½ per cent should sell at par. If your object is to give cheap money to western farmers—and I think there is a little too much said about cheap money to benefit the farmers—why not guarantee the bonds at 4½ per cent, or whatever may be the rate, so as to ensure that the bonds will be sold under the rate of interest guaranteed with respect to them in order that you may give a cheaper service to the western farmers? No government now in existence and no future government in Canada, so long as this board exists, no matter what failures they may have in the west, would dare allow these bonds to go by default in the hands of trustees, representing as they do investment of trust funds from one end of the country to the other. I think it is a camouflage throughout.

Mr. MEIGHEN: What does the minister expect the farmer to pay in the way of interest? I have read over the clauses of the bill and I would like to get the minister's idea. I may be a borrower.

Mr. DUNNING: You are going to another section of the bill.

Mr. MEIGHEN: No, this appertains to the whole bill.

Mr. DUNNING: Subsection 5 of section 7 of this bill reads:

> The interest rate on loans under this act shall be such a rate in excess of the interest rate yielded at the time of issue by the last series of farm loan bonds issued by the board as shall be sufficient, in the judgment of the board to provide for the expenses of operation and for the necessary reserves for losses, or if no such bonds have been issued, such a rate as in the judgment of the board will be yielded by the farm loan bonds when issued, increased by provision for expenses and reserves as aforesaid.

There will be discussion on that subsection which touches the point my right hon. friend refers to. I understand he wants my opinion as to the rate?

Mr. MEIGHEN: Yes.

Mr. DUNNING: That is very difficult to answer, and I say so frankly. It will depend upon how secure investors feel with regard to this bond which we are now discussing. Referring to the experience of the governmental schemes at present in operation, I stated this afternoon that under the Saskatchewan scheme 6½ per cent was charged to the borrower in the form of interest. Under the Manitoba scheme I believe the rate was 6½ per cent in the form of interest, and one per cent or a little more for amortization. I think under this scheme they should be able to lend money at that rate. That is an opinion based upon existing conditions.

Sir HENRY DRAYTON: It should be better than that.

Mr. MEIGHEN: The minister was more or less frank in giving an estimate, but to say that it was difficult to do so is an evidence of cautiousness rather than of frankness.

Mr. DUNNING: I prefer to be cautious.

Mr. MEIGHEN: I notice that the contemplated rate of the bond will be five per cent. The minister may as well give up any hope of a lower rate if the bond is issued under the terms of this bill, because from what I know of the money market that would be a pretty low rate. The farmer has to pay enough over and above that to cover the expenses of the board. I do not think that will be very much, although I have not yet been informed as to who are to be the members of the board. I might make a pretty fair guess.

Mr. DUNNING: My hon. friend is under one misconception. There is nothing in the bill fixing the rate of interest on the bonds at 5 per cent.

Mr. MEIGHEN: I know there is not, but the minister knows that a bond issue of this character would not sell to-day at par at a rate under five per cent. He will do very well if he gets the bonds sold on a five per cent basis. I do not think he will get that, but I do not pretend to be sufficiently expert in financial matters to give an opinion worth very much. The farmer has to pay enough above that to keep the board going. What that will cost will depend somewhat on the personnel and the character of the business management. In the second place the farmer has to pay enough above that again to take care of losses of his fellow farmers, and if they are proportionate to losses occurring in Manitoba at present, what that will add to the rate over the five per cent the minister would be very cautious if he said he did not know. If they run as the losses in Manitoba are running to-day the additional rate would not be covered by three per cent.

Mr. DUNNING: Three per cent in what form?

Mr. MEIGHEN: Over and above the five per cent. The rate of loss in Manitoba is very heavy, although of course there is a great question as to when you are going to count your loss. If you have the farm you

may put it on your books at what it costs to cover the amount of the loan plus interest and costs.

Mr. FORKE: Does the right hon. member refer to the farm loan plan?

Mr. MEIGHEN: Yes. I am not referring to rural credits at all; I am referring to the farm loan plan, because I made careful inquiries in connection with it. There are losses enough to-day, although they may not appear on the books, that if the farmers were to be called upon to add to their rate of interest to make up those losses they would want to get out of that loan into another. Assuming, however, that this will be as good as that paragon of excellence, the minister's own plan in Saskatchewan—

Mr. DUNNING: I did not say so.

Mr. MEIGHEN: —a considerable amount will have to be added to the five per cent to take care of losses. In addition to that a reserve fund must be created equal to 25 per cent of the outstanding loans, and after that 25 per cent is reached, 10 per cent of all earnings are to go into that fund. The farmer has to pay enough over and above the 5 per cent to cover the cost of running the scheme and his share of the losses, and to take care of the reserve fund. I do not know what rate we have reached now, but I will guarantee to any contemplating borrower that we are certainly at 6½ per cent. But that is not going to be enough. This stock issue is going to carry a dividend. The borrower gets a share of stock, five per cent of what he borrows; the government gets a share, five per cent also. The government subscribes to five per cent of the whole outstanding amount lent; the provinces also subscribe to five per cent of the whole outstanding amount lent, and all this is going to bear a dividend. Indeed it is going to bear so much dividend that the government contemplate under the last subclause of section 9 that the accumulated dividends on the farmer's stock will in time discharge the whole loan.

Mr. DUNNING: No.

Mr. MEIGHEN: Yes. Read the last subclause. I like to indulge in these visions myself. The minister puts this in the bill to provide that after the accumulated dividends on the shares of stock that the farmer has, pay off the whole loan, the farmer has to give up the stock. The farmer will be quite ready to do that.

Mr. DUNNING: My hon. friend knows that is not a fair interpretation of subclause 4 of clause 9.

[Mr. Meighen.]

Mr. MEIGHEN: That is what it says. Perhaps the minister will give another interpretation when he gets to it.

Mr. DUNNING: It would facilitate matters if we could discuss each clause by itself.

Mr. MEIGHEN: The whole bill is tied up together; you cannot completely separate the clauses for the purpose of discussing a bill of this sort. The minister says that the farmer's rate has to cover, first, the 5 per cent estimated interest which the bond will bear; second, the cost of management; third, the losses; fourth, the reserve fund and, fifth, some profit on the stock. Is that not right?

Mr. DUNNING: I would prefer to state it in my own words.

Mr. MEIGHEN: Why would the minister prefer any other words than those?

Mr. DUNNING: Because they are not fair.

Mr. MEIGHEN: I do not know what is wrong with them. I have not reached the end yet, because the minister contemplates that he is going to get that $5,000,000 back. That has to come after the five charges that I have already recited. What is going to be the rate of interest that will take care of all those responsibilities?

Mr. DUNNING: My hon. friend asked for my opinion. I wonder if he would be equally frank and, having recited all that tremendous load, tell us what rate of interest should in his opinion be charged.

Mr. MEIGHEN: It would be so high that I would not like to be the author of the charge.

Mr. LUCAS: What are the minister's objections, if any, to the government's guaranteeing these contingent liabilities?

Mr. DUNNING: This business of adopting another minister's bill and endeavouring to give all the explanations which he would give who has been studying it so long is not easy. But everybody has been treating me so fairly in the matter that I will endeavour to answer the question asked by the hon. member for Camrose as to why it would not be better to have the government guarantee the bonds. In the first place this is a scheme whereby the provinces desiring to co-operate are asked to assume a measure of responsibility, and if there were a Dominion government guarantee there would not and could not be any provincial responsibility. Another point is that even we in Canada can

learn something from the experiences of other countries which have been experimenting in this regard, and from them we learn that it is possible by government assistance in the initial stages to set up a form of security and a system of long term farm loans which will function without being a contingent liability so far as the government is concerned in connection with bonds with no written government guarantee. The United States farm loan scheme has often been referred to; it was referred to by my right hon. friend in a very capable speech on this subject not so long ago, and it was also referred to by the hon. member for Vancouver Centre (Mr. Stevens). What are the conditions in that country with regard to security? The federal government put up $750,000 of stock in each federal land bank and the federal government gets no interest on that $750,000. It remains for all time a stock held without interest in that federal farm loan bank under the United States system.

Mr. LUCAS: By that method they have given a very low rate of interest to the farmers.

Mr. DUNNING: No; the reason the low rate of interest is given to the farmers is that they have made their bonds exempt from taxation, and when a low interest return on bonds is effected it can be passed along to the farmer. Speaking as a farmer, however, I do not believe that the agricultural community generally desire to have cheap credit based on tax-exempt securities; nor do I think that this would be sound. The reason for the cheapness of money under the American farm loan system is the fact that the bonds are exempt from taxation.

With respect to the edifice which the leader of the opposition (Mr. Meighen) has erected, of charges that have to be met out of interest, it is of course apparent to everyone that all the charges incident to the conduct of a loan mortgage business must be met by that business.

Mr. CAHAN: Except one—taxation of income.

Mr. DUNNING: Yes, there is that one; and there would be some advantage in that regard. The experience of existing organizations gives us some guide in this matter, and while I do not want to harp on the Saskatchewan scheme it is only natural that I should refer to it rather frequently inasmuch as I am the father of it. Now, no one can have any final information regarding losses on foreclosures in a mortgage institution which is continuously operating, for the reason that there is always a land account which is being gradually liquidated. The proportion of losses in connection with liquidations is being ascertained from time to time and it is possible to assess the final loss in that direction only by taking cognizaance of the sales against the land account. Let me briefly state the experience of Saskatchewan in the matter of interest. The province has charged the board the cost of the money including everything, and, to arrive at something steady over a period of years, the rate of 5½ per cent as between the treasury and the board was set as the initial charge. As to the adequacy of this scheme over a period of eight years, I may say that there has been a variation of only a few thousand dollars as between the cost to the treasury of the money, including all costs, and the aggregate of 5⅓ per cent charged the board. So that the original estimate is approximately correct.

The board charges 6½ per cent, and the records show that at that rate it is possible to make an earning. Of course it is only a book earning because in the agri-

9 p.m. cultural loan business you have always got your money out in the form of assets. That brings me naturally to the point raised by my right hon. friend, which is of the greatest importance in connection with this class of business—losses due to foreclosures which are afterwards disposed of at less than the amount the institution has invested. That, of course, is the problem. I submit that it is not fair to imply, as my right hon. friend did, that all lands taken over under foreclosure represent losses. They do not in practice. In the experience of loan companies there is only an inconsiderable loss, while in the case of the farm loan boards losses are rarely sustained. And these losses do not represent the total amount advanced in the first place. Moreover, loan companies have been known to sell farms, after carrying them for a few years, at more than there was against them at the time of foreclosure. Western Canada is improving very materially just now in this regard, an agricultural mortgage man having told me within the last few weeks that they were able satisfactorily to reduce their outstanding land accounts. The fact is that they are now able to make sales at better prices than formerly, and are thus reducing their land outstandings.

These things are of course all matters of effective administration. Any scheme depends for its success on the character of its management. You may have on paper what appears

to be a beautiful scheme, and one that will work like a charm, but which in the hands of an incapable man will go to pieces. On the other hand, you may have a scheme which, while it does not look particularly strong on paper, can in the hands of the right man and under a sound administration be made to work satisfactorily. We have before us now the experience of the United States in connection with their federal farm loan scheme; we have the experience of the European countries which, of course, is not quite so applicable to our conditions; we have the experience of the Manitoba farm loan association, which is the closest approach in Canada to this particular proposal; and we have the experience of the Saskatchewan board. I believe that Ontario also has had some experience in this matter. The Superintendent of Insurance, who has given a good deal of study to the subject, has the available experience of the loan companies in Canada in relation to this particular class of work, and with all this experience to guide us I personally believe that the scheme here proposed will function successfully, under proper management and under reasonably normal conditions, at the 6½ per cent rate. I know that this rate will not suit my hon. friends to my right. They want, no doubt, a lower interest. Well, they may get it, but judging from the experience I have had I am rather doubtful of their being able to get a rate below 6½ per cent. If a lower rate can be obtained, and if the scheme can work satisfactorily on that basis, I shall welcome it. But it seems to me that it would be worse for the farming industry to obtain money too cheap if this will mean that the scheme will run behind. It would be better to pay a fair rate of interest to enable the scheme to function as the law intends it to, continuing to spread its advantages throughout the agricultural areas of Canada for a period of years, rather than, for the sake of a lower interest, to have its success impaired.

Mr. NICHOLSON: Paragraph (b) of subsection 2 of section 5 provides that each province in which loans are made shall be required to subscribe for the capital stock from time to time, as loans are made under the act. I take it that the minister realizes that this parliament has no power to compel any province to become a party to this scheme. This being the case, the section to which I refer will render the whole scheme inoperative, for I do not believe that it will be possible to get any provincial government in Canada to participate in an undertaking of this kind administered wholly by the federal government. If the minister will read certain provisions in the bill he will find that the administration rests exclusively in the hands of the federal government.

Mr. DUNNING: Perhaps my hon. friend will wait till we come to those clauses before he discusses them.

Mr. NICHOLSON: There are certain provisions whereby the provinces will apparently have some say in the administration, but it will be found in the final analysis that the thing will be managed by the federal government. In Ontario, Manitoba, Saskatchewan, British Columbia and, to some extent, in Alberta—I do not know about the eastern provinces—provincial loan schemes are already in existence. We know that this is the case in Ontario, and according to what we have heard to-day Saskatchewan has a perfect scheme.

Mr. DUNNING: No one claims that.

Mr. NICHOLSON: In Manitoba there is a dual scheme providing for both long and short terms and in Alberta there is a short term scheme. We are now providing that this scheme shall become operative only when the provincial governments come in, but I do not think that the provinces will join under such conditions. I agree with my hon. friend (Mr. Cahan). If the government intend to make this scheme operative they should set out in the act, what they are going to do in reality; that is, guarantee the bonds. They will get cheaper money without a doubt, and as my hon. friend pointed out they are virtually guaranteeing these bonds; they dare not do otherwise. Why not start out right and eliminate these provisions, which can do nothing else than weaken the effect of the act?

Mr. HANSON: Has the minister any assurance that any of the provincial governments will come under this scheme? in the province of New Brunswick, for instance, we have a farm settlement board which lends money to accredited farmers on approved security, holding title to the land until the loan is fully paid. I doubt very much whether New Brunswick will have anything to do with this scheme. Have the provinces been aproached in any way?

Mr. DUNNING: If the minister were here he could probably tell of his conversations with various provincial treasurers regarding this matter; I could not say with certainty that any provinces will come under it. I

can say, however, that there is an advantage in the scheme even to those provinces which now have similar schemes of their own. The great difficulty with provincial farm loan schemes is generally that the credit of the province, engaged as it is with a great many other undertakings, particularly when these undertakings have to do with public utilities under government ownership and things of that sort, cannot be extended very far in this direction. When a province puts $10,000,000 or $15,000,000 into this form of activity along with all its other activities, naturally there is a disposition to go very slowly, and properly so. But by the pooling of mortgage credit under this scheme it is possible to widen the area. I would say to my hon. friend from East Algoma (Mr. Nicholson) that a highly centralized scheme such as he suggests, without the benefits of provincial associations such as this bill provides, would not, I fear, work in Canada; it would not be sufficiently flexible to provide adequately for the widely varying conditions in this country. Now I am wandering off myself into another matter. I will deal with that when the proper section comes along, and if my hon. friend will watch for section 8, which has to do with the provincial relationship, it will be more in order to discuss the matter then.

Mr. BOYS: Does the minister think there is any chance of the province of Ontario coming into this scheme? I say without hesitation that there is no such chance, because at present Ontario, through the Agricultural Development Board, is lending money to the farmers upon first mortgages to 50 per cent of the value, at the rate of 5 per cent. If they have to pay 6½ per cent under this scheme there is not the slightest chance of Ontario compelling farmers to pay that rate when the province is now lending money at 5 per cent.

Mr. DUNNING: My hon. friend is giving some information now. He has made a statement which in his own mind, I am sure, offsets the pyramid his leader set up a moment ago. How is it possible for this provincial board in Ontario to meet that terrific array of charges set up by the leader of the opposition, and at the same time lend money at 5 per cent? How is it done?

Mr. BOYS: In the first place the government get their money at about 4 per cent or less, and operate at a cost of 1 per cent.

Mr. HANSON: They have a government savings bank.

Mr. DUNNING: Then they lend money received by the provincial savings bank on long term first mortgages?

Mr. BOYS: I am not saying where they get their money; they may get it from the sale of bonds—

Mr. DUNNING: They do not get 4 per cent money from the sale of bonds.

Mr. BOYS: I do not think Ontario pays more than 4 or 4¼ per cent. That may not be the exact figure, but it is not very much more. I know I am correct in the rate of interest; it was reduced a year ago from 6 per cent.

Mr. DUNNING: The provincial government must be contributing something towards the cost of administration and the losses, to be able to lend money at that rate. The hon. member for West York (Sir Henry Drayton) could, I feel sure, give us some information about it, but the scheme certainly cannot be self-sustaining at that rate of interest; it is quite impossible.

Mr. BOYS: I do not want the minister to think I am criticizing the plan; I have already expressed myself as favourable to it, but I am pointing out that there is not the slightest chance of Ontario taking advantage of this scheme in view of what they are doing at present.

Mr. HANSON: And the same would be true in the Maritime provinces. In New Brunswick the government assumes the entire cost of management, but I am glad to say they do not do a large business. They keep it down as much as they can, but the funds are available upon proper application, and money can be obtained for 5 per cent. So I am sure there is no demand in New Brunswick for this class of legislation.

Mr. GARLAND (Bow River): Are the provisions of the New Brunswick act wide enough to include fishermen?

Mr. HANSON: No, I do not think they are.

Mr. NICHOLSON: I do not want to prolong the discussion, but surely it cannot be suggested that the only means by which you can get local administration or an administrative body in touch with the local situation in order to administer this act is to have the provinces come under this scheme. The central board or the federal government can provide a provincial organization just as effective as can be obtained under this measure. Under this bill I submit that there

is not the slightest chance of getting the various provincial governments, with their different political complexions to come in under the scheme. We might as well face the issue squarely; these governments will not pool their interests and make themselves responsible for the lending of money which, in the final analysis, comes directly under a federal administrative body. That is the point, and if the scheme is to be made effective we might as well strip it altogether of these encumbrances and establish a federal loan scheme for which parliament and the federal government are responsible, free altogether from provincial entanglements. If this proposal is to be made effective that is the only way it can be done. I am absolutely certain, and I believe the minister will agree with me, that if we wait until we get a plan by which the provinces will co-operate with the federal government in a scheme of this character, we will wait until doomsday.

Mr. CAHAN: I think the hon. member for East Algoma quite misunderstands the minister. If I followed his argument and made a proper deduction from it, he said that in Saskatchewan they have a really well administered board and loan fund of a similar character to that proposed in this bill. But unfortunately Saskatchewan, the minister suggests, has undertaken such large provincial obligations—

Mr. DUNNING: No, I did not say that, and I did not imply it.

Mr. CAHAN: I think it is a fair inference that the obligations were so great that you could not expect the government to extend that scheme.

Mr. DUNNING: I did not say anything of the kind.

Mr. CAHAN: I am very sorry if I took the wrong inference. I take the hon. gentleman's word implicitly, but that impression was left in my mind.

Mr. DUNNING: I said all the provinces of Canada; I was drawing no invidious comparisons. I may say; however, that in financial stature the province of Saskatchewan compares favourably with any other province.

Mr. CAHAN: We may as well get rid of the camouflage; nowhere east of lake Superior is there any demand for this scheme, and no eastern province has the slightest desire or intention of entering into it. We are dealing with a scheme for the benefit of Manitoba, Saskatchewan and Alberta; there is no use camouflaging it under any other words or descriptions. Now, will Alberta, Saskatchewan and Manitoba, each with what is claimed to be a well administered scheme, each having reached the extent of their credit in regard to making farm loans of this nature—will they be enabled to unload their schemes upon the federal government by associating with the federal government in the operation of this fund now contemplated?

[Mr. Nicholson.]

Mr. DUNNING: Definitely, no.

Mr. CAHAN: Will Mr. A, a farmer in a district of Saskatchewan who has a loan from the Saskatchewan board, be authorized to pay off that loan and take another similar loan under this scheme as provided in this bill?

Mr. DUNNING: If he could get away with it there is nothing in the bill to prevent him, so far as I know.

Mr. CAHAN: The banks, I believe, are quite favourable to this rural credits bill, and I am always suspicious when I find financial bodies so favourable. To what extent will they be able to unload the liabilities due to them by the farmers of the west by having those who are liable to them for advances come in under this scheme, and out of the proceeds of loans made to them by this board proceed to liquidate their liabilities to the banks? Is there some limit? If not, then just so soon as Manitoba or Alberta or Saskatchewan finds that its credit is limited, finds that it wishes additional credit in the markets of the world, just so soon, by putting moral or legal pressure upon its clientele, will it force them to liquidate their loans to the provincial government by accepting new loans under the federal government scheme. That is the position. In view of the fact that these long term loan boards in the three provinces of the central west are doing so well, would it not be far better for the Dominion as a whole that this government should make appropriations where necessary to assist the provincial boards in carrying out the work they now have in hand? If the hon. gentleman suggests that the credit of these bonds is to be greater because they are stretched over farm lands in all the provinces, the idea is bound to be an abortive one. There will be no loans east of lake Superior under this scheme, and if the Dominion government by its guarantee of these bonds, and by the provisions in the bill which admit of this board taking over the liabilities of the provincial boards—

Mr. DUNNING: It does not provide that.

Mr. CAHAN: But there is no obstacle. It entirely rests with the nominees of the government appointed to this board to say to what extent they shall take over the liabilities of these provincial boards.

Mr. GARLAND (Bow River): I am sure the hon. gentleman does not wish to mislead the committee. I would like to know where in this bill he finds anything which will permit this federal loan board or any advisory board in the province to lend any sum under this scheme for any other purpose than a farm loan.

Mr. CAHAN: Certainly, for a farm loan. I am dealing with farm loans and nothing else.

Mr. GARLAND (Bow River): The hon. gentleman is dealing with farm credit associations in the provinces.

Mr. CAHAN: I am dealing with farm loans and with existing loans on farm property in the provinces I have mentioned, in the central west. I say there is nothing in this bill which prevents the boards formed under it from taking over those liabilities, and nothing which prevents the provincial authorities, by moral suasion or otherwise, from forcing those who have loans from the provincial boards to liquidate their loans to them by taking out new loans under the Dominion board. Therefore I think that so far as the Dominion is concerned it would be better either to guarantee the loans outright or make them direct from the treasury of the country at the lowest rate of interest consistent with the standard rate which the government pays upon the loans which the government places upon the markets of the world. If you are going to make these loans, make them direct; let the government use their own officers to do it, and let them restrict the advances to loans in those provinces in such a way as to prevent the banks which have liens on farm lands and liabilities owing by farmers of the west from having these liabilities unloaded upon the Dominion government board—

Mr. GARDINER: Will the hon. gentleman tell this House where banks can take a lien on farm lands?

Mr. CAHAN: The farmers of the three provinces of the central west at the present day owe millions of dollars to the banks, and there is nothing in this bill to prevent a farmer securing a loan from the Dominion board and using the proceeds to pay off his liabilities to the bank.

Mr. GARDINER: The hon. gentleman stated that the banks had liens on farm lands. Will he say how a bank can take a lien on farm lands?

Mr. CAHAN: It does that the moment it obtains a judgment against the property and registers that judgment, and there are judgments rendered in the west to my knowledge running into hundreds of thousands of dollars. I have no doubt they run into a very much larger sum than that.

Mr. STEVENS: I regret I did not have the privilege of being in the House all the afternoon and listening to the discussion. I understand, Mr. Chairman, that we are on clause 5, and I shall try to confine my remarks to that clause, although I notice that a good deal of the discussion has been on clause 7. I shall have a few words to say on that when we come to it. In clause 5 we are dealing with the question of capital stock and the manner of financing. I wish to say most emphatically, and I do it with considerable deference to my hon. friend who has just taken his seat, because I know his knowledge of these matters is very great, that from my study of this question, which has extended over a number of years recently and has been of a more or less intimate character, having been on different committees during the last five years, my firm conviction is that it would be far better for Canada, if it is to have a rural credit scheme, that it should be based on the principle set forth in this bill, than that it should be of the character of direct Dominion government administration, with loans direct from the Dominion treasury itself.

Mr. CAHAN: Is not this Dominion government administration?

Mr. STEVENS: In a sense, yes.

Mr. CAHAN: Is it not in every sense?

Mr. STEVENS: I am afraid my hon. friend mistakes the spirit of my observations. I am not offering these remarks in a controversial spirit at all. I think there is a great distinction between the raising of capital by non-guaranteed bonds, bonds not guaranteed by the government at all—raising capital for instance, upon an issue of bonds by what might be termed land banks—and the lending of money direct by the Dominion government, or the lending of money based upon bonds guaranteed by the Dominion government and administered by officers of the crown.

Mr. CAHAN: The hon. gentleman evidently did not hear the prior discussion. Does he think that any Dominion government, this or any succeeding government, could afford to allow one single bond to be defaulted in view of the fact that by this legislation we have created a fund assisted by advances from the government and made the bonds themselves investments for trust funds from one end of this country to the other?

Mr. STEVENS: I appreciate the question fully; it has been most intimately discussed by different committees in several preceding years. Should such a contingency arise in the future I do not think the Dominion government would allow bonds of these banks to go into default. I think parliament would be compelled to do something as a matter of national honour. But I want to point out to my hon. friend that the experience of the countries that have taken up this form of financing, the issuing of land bank bonds, has been that the bonds themselves have become the soundest class of security, a class of security equal to that of the national bonds. I believe this but I make one qualification, namely, proper administration.

Mr. DUNNING: Absolutely.

Mr. STEVENS: I believe that these bonds, if properly administered, will prove to be equal to Canadian or provincial bonds in the market; I have not any doubt of it.

Now then we come to this question, "properly administered." There may be some ground for criticism of the plan—I am not criticizing it; perhaps it is as good as we can get—but I will say that I believe the plan suggested in this bill, so far as proper and economical administration is concerned, is better than any scheme I know of that could be erected within a government department, as government departments from our knowledge have been administered in the past. In making that statement I am not reflecting on the governmental system, but this is what we find in experience—we must admit it, I think—that when a department of government undertakes the administration of a business matter, a matter that is commercial —shall I say?—in its character, there is a tendency to allow the political element to obtrude itself unduly and to influence it.

Mr. CAHAN: Shall we escape it in this case?

Mr. STEVENS: Perhaps not altogether, but I say it will be less in this case. I will put it that way and I think I am moderate in doing so. There is less likelihood of political interference under this method than under departmental administration. Or let me put it in another way: Under departmental administration you are almost certain to have political interference, but under this method I believe you will largely escape it. We are passing through an experience just now. That experience is the administration of a national railway. It is a tremendously big thing but I will say this of the National railways and I only inject this, Mr. Chairman, by way of illustration.

Mr. CAHAN: I suppose my hon. friend does not want to provoke discussion?

Mr. STEVENS: I do not want to provoke discussion, but I say this: because of their magnitude, it will take a number of years to demonstrate fully what will happen in respect to the National railways, but I do think there has been a great deal accomplished in the way of eliminating political interference in the administration of a public utility under the method which was formulated by this parliament for the operation of the National railways. I do not say we have escaped it altogether, but I think we have made a big stride—shall I say?—towards the elimination of the political element in railway administration. That is the reason I am very strongly of the opinion that this method suggested by the government is perhaps the best method we can get.

Now let me say one word, perhaps not so directly on the clause and yet in support of this argument, and it is this: I believe we have need of this legislation. I think we must get that thought into our mind. I am not so sceptical as some who have spoken as to Ontario and Quebec, and the larger provinces of the east, not participating. I will venture this prediction—it may be rather a reckless thing to do but I will venture it in any case—that when this scheme is inaugurated, is operating, and is proving itself successful, we will say in the western provinces, the people in other provinces will be anxious to take advantage of it.

I am not going to transgress to the extent of discussing clause 7, but I should like to say a word on that clause when we come to it.

Mr. DUNNING: All right.

Mr. STEVENS: I want to emphasize my conviction that there is a great need for a land bank scheme, using that term to express perhaps what would take a lot of words to express. There is a need of it.

Mr. CAHAN: There is a great difference between this scheme and the land bank system.

Mr. STEVENS: I would not think so. I think there is a very striking similarity.

Mr. DUNNING: Very striking.

Mr. STEVENS: I do not say for a moment that this is identical with every land bank scheme I have seen, but I do see a striking similarity, and I think it justifies using that description of it. I again state that I would be inclined to support this scheme much more readily than a scheme of direct governmental loans. Had the minister introduced such a scheme he would have found rather a harsh critic in myself.

Mr. COOTE: I would like to say one or two words about this scheme, particularly in answer to some of the statements made by the hon. member for St. Lawrence-St. George. He seems to think—

Mr. DUNNING: Stick to clause 5 from now on.

Mr. COOTE: I have no remarks to make upon clause 5. If we are restricted to clause 5 I will certainly sit down.

Mr. DUNNING: I think we ought to pass clause 5.

Sir HENRY DRAYTON: Let us see if we understand clause 5. After all it is a good thing to get an understanding of just exactly what we mean. We are now approaching the question of floating a concern, getting its capital and getting it running. We put up $5,000,000. I have been glancing over the bill since I had a chat with my hon. friend the minister. What is intended under the bill is that that $5,000,000 shall, in the first instance, form a fund from which loans can be made.

Mr. DUNNING: An initial reservoir.

Sir HENRY DRAYTON: So that you have not only 100 per cent of your bonds as security but a reserve of $5,000,000. Now let us go a step further. Not only have you got your mortgages and your reserves but you also have your stock subscriptions. Supposing we start out that way, how are we going to get this money? I should think there must be two and a half million dollars' worth of loans drawn from the government $5,000,000 before one would think of starting a bond issue.

Mr. DUNNING: No.

Sir HENRY DRAYTON: The minister says "no" but I would have thought so.

Mr. DUNNING: In Saskatchewan continuous sale has been very successful indeed.

Sir HENRY DRAYTON: But you would not want to start your continuous sale before you knew you could sell your bonds, or before you had sold a fair amount.

Mr. DUNNING: About a million.

Sir HENRY DRAYTON: Let us put it at two and a half millions.

Mr. DUNNING: By way of illustration.

Sir HENRY DRAYTON: In that case the borrowers would have two and a half million dollars' worth of loans and security to the amount of $5,000,000 from the Dominion government, in addition to the amount of stock subscribed. Am I right in that

Mr. DUNNING: Not quite.

Sir HENRY DRAYTON: Wherein am I wrong?

Mr. DUNNING: They would not have $5,000,000 of security advanced by the Dominion government.

Sir HENRY DRAYTON: That is perfectly true. But the $5,000,000 is the maximum amount which could be drawn upon and which could be the ultimate security. They would know it was.

Mr. DUNNING: We are understanding each other much better now.

Section agreed to.

Section 6 agreed to.

On section 7—Conditions for loans.

Mr. STEVENS: Referring to some observations made a moment ago, I noticed in paragraph (d) of subsection 2 a clause which I think is quite properly there, but I should like to suggest to the minister that he might safeguard it a little. The paragraph reads:

To discharge liabilities already accumulated.

That means that the proceeds of the loan may be used for the discharge of liabilities which the borrower has already accumulated. It was suggested a moment ago that this might be abused by concerns or provincial governments inducing persons who are indebted to them to secure a loan under this scheme, and thus reimburse them. I think the paragraph is sound, in so far as it is directed to this purpose—for instance, take a farmer in

the west who has incurred a debt for machinery or stock, or to the bank, upon which indebtedness he is paying 8, 9 and in some cases as high as 10 per cent. One of the things that prompted me to support strongly a rural credit scheme was the fact that a large number of farmers are paying such rates of interest, and that of all classes of business, agriculture is one class which cannot subsist and pay such rates. In a speculative form of business, where a man is trading and has a rapid turnover, he can pay a high rate of interest. Certain classes of commercial business, even fairly stabilized, can pay perhaps 8 or 9 per cent at times—

Mr. SPENCE (Parkdale): Not very often.

Mr. STEVENS: —for certain advantages in buying, but an agriculturist who pays a higher rate of interest than 6 per cent—I am speaking of interest, not amortizing—is fighting against an economic law which sooner or later will ruin him. As I understand this scheme, it is directed to supply interest, with an amortizing fund, over a period of about thirty years, I think at a rate of interest of 6½ per cent.

Mr. DUNNING: Thirty-two years is the maximum.

Mr. STEVENS: At 6½ per cent?

Mr. DUNNING: We do not know exactly.

Mr. STEVENS: I would say that that is fair; that is a rate that will not only be possible but will be attractive.

Mr. DUNNING: I do not wish to be understood as saying that 6½ per cent includes amortization.

Mr. STEVENS: I say interest and amortization fund.

Mr. DUNNING: Six and a half for the two?

Mr. STEVENS: Yes.

Mr. DUNNING: I am not speaking of what is in the law. The rate is not in the law, and cannot be. But I do not believe we can get along with very much less than 6½ per cent for interest alone at first. Under present financial conditions it cannot be done.

Mr. STEVENS: The objective should be a maximum of 6 per cent for interest alone.

Mr. DUNNING: I should be glad to see it.

[Mr. Stevens.]

Mr. STEVENS: Perhaps after the first year, when the scheme commences to operate, my hon. friend will find that money can be secured at a rate that will provide 6 per cent and provide for an amortizing fund above that. I was going to say 7 per cent as a maximum.

Mr. DUNNING: Including amortization?

Mr. STEVENS: Yes. I would suggest to the minister that if paragraph (d) could be limited to such classes of liability as I have referred to, thus excluding, shall I say, a government or a municipality that may have a moribound scheme at some time—and I have no doubt there are some in existence—and prevent them unloading their patrons on to this scheme, I think it ought to be done. For instance, if a provincial scheme were charging a man 8 per cent or some high rate, I should say he is entitled to come under this scheme whether he has a provincial loan or not. But if under a bona fide provincial scheme he has a loan at a rate approximately the same as would apply here, I do not think we should open the door to the provinces unloading such a loan upon us. The object of the scheme is to relieve the pressure of undue debt at high rates of interest on the farmer, not to translate him from one sphere to another, but to relieve the pressure. If a formula can be found that would accomplish that object, I submit to the minister that it should be done.

Mr. DUNNING: I will endeavour to deal with what my hon. friend from St. Lawrence-St. George has said relating to the same matter. Let us assume for a moment something which I have no right to assume particularly—that is that Manitoba and Saskatchewan, which already have such schemes, desire to come in under this proposition—I think it is quite manifest that they will not continue making loans under their existing provincial schemes. The provincial scheme will naturally continue to function with respect to the collection and administration of the sums already loaned—

Sir HENRY DRAYTON: Unless you take them over.

Mr. DUNNING: —yes, unless we take them over, and we are not contemplating taking over holus bolus under this scheme all the ten millions involved in each of the schemes of the provinces of Manitoba and Saskatchewan. That is definitely not contemplated. Let us

bear in mind that it is very probable that the existing local administration of the present provincial schemes would become the provincial administration under this scheme, if the provinces decided to come in under it, because they have there all the machinery and the type of men necessary to carry on the work. That is very probable, but it is a matter of arrangement and in no way tied up. As to whether individual farmers could unload from the provincial scheme to this one, why would an individual farmer want to do so? For one of two reasons, I apprehend: The first would be that the rate of interest under this scheme was lower than the rate he is now paying under the provincial scheme, But there is no great likelihood of this scheme producing a sufficiently lower rate of interest than 6½ per cent to constitute a very great temptation to him to switch over. Neither is there any incentive to the provincial government to attempt to get rid of a borrower who is what we would call a good borrower under the provincial scheme. Bad borrowers could not qualify under this scheme because the amount they would require to clear off their existing loans would be in many cases too great for them to come under the provisions of this legislation. The hon. member for Vancouver Centre (Mr. Stevens) hit the nail on the head. This scheme like every other great business will depend upon sound, honest administration for its success. It cannot be a success if the men who administer it approach it from the point of view of facilitating the taking over of every bad loan in the country whether from a provincial scheme or from a loan company. Loan companies of course look after their own business; if they have a borower in deep water whom they are not very sure of as regards the future, they naturally try to encourage him to get a loan from the provincial farm loan scheme in order to pay them off. I do not blame them for that because they are looking at the matter from the point of view of the interest of their shareholders. That has to be guarded against in connection with any such scheme, but to put any limitation around it is a matter of great difficulty, as the hon. member for Vancouver indicated.

Unless this scheme is to provide for the liquidation of liabilities which the farmer now has it will not be worth very much to agriculture in this country. That liability may be to an existing mortgage company; it may be to one of those banks of which the hon. member for St. Lawrence-St. George is so suspicious; it may be to another loan company or another provincial mortgage scheme. It may be and probably will be to implement dealers, storekeepers and all sorts of people. The great benefit of this scheme to the farmer will be to remove from his shoulders a nine per cent or ten per cent loan and replace it with a six and one-half per cent loan, or some such figure amortized over a considerable period. That has been the advantage of similar schemes in Canada and elsewhere. The limitation suggested by my hon. friend will have to be worked out in practice as a matter of administration. If we attempt in this House to set bounds to the scheme I am afraid we are going to cramp it and probably deprive many deserving people of its benefits.

Mr. COOTE: The Dominion of Canada has a direct responsibility in connection with this matter of long-term, farm loans. I look upon it as a Dominion responsibility and not a provincial responsibility in any sense. It is because the Dominion government has neglected its responsibility for so many years that the provinces were forced to take action. As regards the contention of the hon. member for St. Lawrence-St. George or his fear that the Dominion government scheme is to be loaded up with all the bad loans of Alberta, let me set his mind at rest as regards that province because Alberta has no provincial farm loan scheme and has no farmers' bad loans to unload on this system.

Mr. DUNNING: The loan companies have.

Mr. CAHAN: There are loans on farms.

Mr. COOTE: The government of the province of Alberta has no loans on farms. I challenge the hon. member to show where they have a loan on farm land. The hon. member said that the land which would be covered by these mortgages would not be worth much as security. If that statement is correct it is time that this government took notice of the fact. If the farming industry is in such a poor state that those lands are no security for the mortgages on them I do not know why we are encouraging immigration to that country. The Dominion government can put farming in western Canada on an unprofitable basis at any time because they control the three vital matters of transportation, tariff and immigration, and the Dominion government should take this responsibility if any government is going to do so.

As regards the fear which the hon. gentleman has that the banks will want to unload a large number of bad loans on this system, I do not think that is possible. Practically all the farms in western Canada of men who are

in debt are mortgaged to mortgage companies. If a bank has a mortgage it is a second one and they cannot sell a second mortgage to the board that we are going to set up under this bill.

We have heard a great deal about losses made by the banks and loan companies in western Canada. In my opinion most of these losses were made because these concerns were managed from an office two thousand miles away. That is why it is advisable that the provincial governments should assume some responsibility in helping the Dominion government to carry out this long-term, loan scheme.

Just a word in connection with the Ontario government scheme which lends money to farmers at 5½ per cent. The success of any rural credit scheme depends upon the rate of interest which must be charged to the borrower. The volume of business which will be secured by this board is going to be largely determined by the rate of interest which they charge, and the larger the volume of business which they handle the lower proportionately will be the charge for management. That is a very important point which must not be overlooked. But to return to Ontario, the reason that in that province they are able to lend this money at 5½ per cent is, so I have been told, because they are securing the money through savings banks where they get the money at four per cent.

I have a suggestion to make to the minister who is in charge of the bill. He agrees with the hon. member for Vancouver Centre that it is desirable that the rate charged including one per cent for amortization should not exceed 7 per cent. The Dominion government has post office savings banks in which at the present time something over $30,000,000 is on deposit at 3 per cent. The government might very well loan a part of this money to the farm loan board at 4 per cent. I do not think there would be any difficulty in getting 6 per cent money in that way. By lending money to the farmers at 6 per cent plus one per cent for amortization you have a 7 per cent rate to the farmers. I do not see why this could not be done by this government. They are securing this amount of about $30,000,000 at 3 per cent. It would not be costing this country anything if they would use at least a portion of that money in financing the farm loan board.

Mr. CHURCH: Under the rules the proper place to discuss the principle of a bill is on the second reading, but about three-quarters of this bill has been passed in committee and the members have been discussing the principle all afternoon and evening because you cannot discuss various clauses without discussing the principle as the principle of the bill is wrapped up in every clause. The second reading of this bill was carried without debate and I was surprised that not one gentleman on the second reading said one word either for or against the principle of the bill.

If there ever was a sample of high finance in Canada you have it in clauses 5, 6 and 7 of the bill. It is all very well for the Minister of Railways to support this measure. What does he or hon. gentlemen from Saskatchewan and Alberta care about who pays for this legislation? Saskatchewan contributes only one-eighth of one per cent to the net revenues of the country. Who is asking for clauses 5, 6 and 7? The farmers of Ontario do not want them. Who is asking for this bill? The other day I asked an hon. gentleman from the west who used to be in this House: Who is asking for this legislation? He said he did not know; he was not asking for it. Not by the wildest stretch of the imagination can this act be considered a work or undertaking for the general advantage of Canada, and if the minister will consult the Justice department I venture to say that he will be informed that this House has no power to pass the bill in its present form. There are 2,900,000 people in Ontario who will have to contribute to this scheme although they will not share in its benefits. They are not asking for it; they do not want it. Nor are people in other parts of the country making any demand for this legislation. This is class legislation of the worst kind which gives to the farmers of one province a benefit at the expense of the rest of the people. Those who will have to foot the bill are the artisans and the toilers in the various centres of population. The farmers do not want any reduction in the income tax which these people have to pay, because they pay no income tax; but they want the rest of the country to provide taxes for legislation to meet their demands for agricultural credits. The people of central Canada pay over 80 per cent of the taxation which is collected in Canada, and although they are not asking for this legislation they are going to have to make the payments which will be involved in it. The fact of the matter is that this bill is in line with some of the class of legislation which was passed by Ontario in the days of the Drury government. It is framed on the same principle—the principle, as someone has put it, of robbing Peter to pay Paul.

I protest strongly against the passing of the bill, in its present form at any rate, and I make that protest as a representative of a province which contributes 45 per cent of the taxes of the country. We cannot lend a cent of money to our returned soldiers, some 140,000 of whom have had to leave the country for the United States to find a living, but we can provide money for rural credits. The Minister of Railways is a new member, and it is all very well for him to get up and support the bill for Saskatchewan only; but I venture to say that the people generally will not be in favour of it. It is very fortunate that we have a second chamber and I have no doubt the bill will be taken good care of when it gets there.

10 p.m.

Mr. BOYS: I feel it my duty to make a slight correction. In referring to the board in Ontario I said that the rate of interest was 5 per cent. I heard an hon. member say that it was 5½ per cent, and on reflection I recall that this figure is correct.

Mr. DUNNING: I want to congratulate the hon. member (Mr. Church) on being on the same platform as the hon. member for St. Lawrence-St. George (Mr. Cahan), but in getting there he has been guilty of a strange inconsistency. The hon. member being such an out and out advocate of government ownership of everything, I am very much surprised that he should stop short at government ownership of credit. One would expect the hon. gentleman to be consistent in this instance. Let me refer very briefly to his implication that, in assuming temporary responsibility for the direction of this measure in the unavoidable absence of the Minister of Finance (Mr. Robb), I am acting in some strangely selfish way on behalf of the province of Saskatchewan and without a due sense of obligation to the rest of the country. I assure my hon. friend that neither the government nor the legislature of Saskatchewan has asked for this scheme at any time. The people of that province have a scheme with which they are fairly well satisfied except for the fact that it has not lent enough money in the aggregate to take care of all demands. This scheme is intended as a bona fide attempt to carry out the wish of parliament, as expressed on former occasions after investigation by duly constituted committees, that such a system should be undertaken in the interests of agriculture in Canada generally, and not in any special section of it. The legislation was conceived in that spirit and in that spirit it has the support of a number of hon. gentlemen on the other side who have been giving to the subject, in its relation to the nation at large, their best attention during the past few years. As to whether the provinces will take it up or not, it is a matter of co-operation and we find ourselves in the same position as we have done in connection with many other schemes which have depended for their success upon the provinces and the Dominion working together. When we have something concrete to submit to the provinces they can decide whether or not it will suit their conditions, and whether or not they should take advantage of it. It was so in the matter of technical education; it was so in the matter of agricultural education; it was so in relation to certain public health measures that called for co-operation; it was so with respect to highways. Many hon. gentlemen from various provinces, my hon. friend from Vancouver Centre among them, gentlemen who have served on committees which in the past have investigated the subject, and who see the problem as it is, have all given to the matter very careful study; and many provincial legislatures have also discussed it. The situation as it exists from coast to coast is therefore fully realized. We shall have provided in this bill, if it passes, machinery for co-operation should the provinces require to avail themselves of it, as I believe they will. The measure is not intended solely for the west; it may be taken advantage of by the other provinces as well. I do not know how Ontario will regard it until the scheme is in operation, but I can assure the committee that it is not a method devised for taxing the whole of the country for the benefit of a particular section. It is a comprehensive scheme based on sound principles and one which has been found to work successfully in other countries.

Mr. CAHAN: I would point out to the minister that in dealing with a measure of this kind the fewer personal observations he makes the better it will be for the harmony of the discussion. I am quite as capable as the minister of making unpleasant remarks.

Mr. DUNNING: I really was not conscious of having said anything unpleasant about my hon. friend.

Mr. CAHAN: If the minister wishes to invite unpleasant and tart comments, my Scotch-Irish temper is equal to meeting the demand. I have not so far said anything that could be regarded as opposition to the measure, for I have not approached it in that spirit. Certainly I have not intended that any remarks of mine should be con-

sidered as having been offered for any other purpose than to elicit the actual facts, so that we might know on what the bill was founded and what grounds there were for its passage. On reading my remarks to-morrow in Hansard the minister will find that I have been within the scope of reasonable criticism.

Mr. DUNNING: I do not dispute that for a moment, and I am sorry if my hon. friend should have taken any other impression. I had no intention of being disrespectful, and if I have unwittingly offended him I am only too glad to apologize here and now.

Mr. CAHAN: The minister and I quite understand each other. I do not accept what he says as an apology, because no apology is necessary.

Mr. DUNNING: Thank you.

Mr. CAHAN: This section contains the following words:

> Mortgages taken as security for farm loans and remedies thereunder shall be in all respects subject to the law of the province in which the farm land mortgaged is situated.

I am informed, although I have no personal knowledge, that in Alberta particularly there are a large number of prior liens constituted under the legislation of that province, by virtue of which very considerable charges have priority in case of the foreclosure of a mortgage loan, and this clause in my opinion places it entirely within the discretion of a provincial legislation as to the extent to which they may thus oust the lien or mortgage created under this act.

A few moments before the House adjourned at six o'clock I was intending to cite a number of cases which, I believe, all refer to the province of Alberta, dealing with the prior liens or charges created by provincial legislation, and to which I suggest the lien or charge of this first mortgage should not be entirely subjected if this board is to have a really first class security which will be of value in case of realization of the mortgage. The first case was where the loan was $700; the interest in arrears amounted to $108. Upon foreclosure it was found that under the legislation then existing there were prior charges of $1,330. In the next case the loan was $1,100; the arrears of interest had run up, because time had been given, to $494, and yet it was found that there were other liens and charges created by the legislation of the province to the extent of $2,106 which were a prior charge upon this land. The third case was a loan of $800; the interest in arrears amounted to $130, yet when it came to foreclosure it was found that there had been created under the legislation of the province other liens and charges to the extent of $1,203. The fourth case was a loan of $1,000; the interest was long overdue and at the time of foreclosure amounted to $894. In that case the prior liens and charges amounted to $1,462. In the fifth case the loan amounted to $1,000 and the arrears of interest to $235; there were prior charges under the legislation of the province of $1,483. So I could go on and take the twelve typical cases, a number of which I have already mentioned. To avoid the repetition of each case and to save time, in these twelve typical cases—

Mr. DUNNING: Typical of what, may I ask?

Mr. CAHAN: Typical of loans made in Alberta and of the operation of the prior lien laws of that province in case of the foreclosure of the mortgages securing the loans. In these twelve cases the aggregate principal amounted to $11,600 while the interest came to $5,000, in round figures, yet the prior liens created under the legislation of that province amounted to $17,416. The mortgagee in order to save his security, had to pay in these cases the charges for taxes and other prior liens to the extent of $17,416, in order to save his original principal of $11,600. I will take these prior liens and charges in the aggregate. The Dominion seed and relief lien amounted to $9,507; miscellaneous taxes of various priorities amounted to $3,165; co-operative society liens, $2,285; hail insurance taxes, which were a prior lien on the property, $627. Even hospital fees under some legislation of that province have a priority. If a farmer or any member of his family is taken ill and goes to the hospital, under certain conditions the fees payable to the hospital are a prior lien upon the land of the householder, even though a first mortgage is outstanding. In these cases I find hospital fees were prior liens to the extent of $231. Then there were mechanics' liens outstanding which attached after the first mortgage charge had been properly registered; these amounted to $1,600. So in these twelve cases the $11,600 of principal originally loaned became, when the mortgages were realized, subject to prior liens of $17,416. It seems to me that this matter requires some attention.

I find that the Alberta Co-operative Act of April 1921 gave rise to the following case. The original mortgage was $1,200; then a caveat was placed by the International Harvester Company, and on that caveat being placed a prior lien was given the International Har-

vester Company, taking priority over the mortgage then outstanding, to the amount of $5,795. Then came a Dominon seed and relief lien which, with interest to March 1920, amounted to $1,149. Then there was a mechanics' lien, in this particular case of the Beaver Lumber Company, amounting to $284. There was a prior lien or charge owing the municipality for grain amounting to $600, and there was another lien created under the Co-operative Credit Act amounting to $2,044. All these liens had to be paid off by the mortgagee before he could secure the original mortgage charge of $1,200. That, of course, is undoubtedly an extreme case, and I have cited it because it is extreme and shows the possibilities of the situation. Now, what is the result? A mortgage of $1,000 is made under the bill which we have now before the House. In Alberta, under the laws which obtain there—and I mention Alberta simply because I am dealing with an Alberta case—other priorities may subsequently attach, with the result that the real value of the land may be offset entirely by the subsequently created prior charges, leaving a very slight security indeed to the board which, under this legislation has made the original loan. Now that is a matter that must be considered. In these three western provinces, because despite the remarks of my hon. friend as to the possibilities of this legislation being applied east of lake Superior, I still have my doubts as to that—in these three provinces of the middle west at whose demand, I understand, this legislation has been brought down by the government, why should their municpal taxes even have a lien over what is really a government advance, an advance made on the credit of the Dominion? In case a householder or members of his family have to go to hospital, why should those hospital charges have a prior lien upon the farm which must be paid before the mortgagee can realize upon his mortgage security? I can understand that subsequent advances made by the municipality for seed grain have a prior charge on the crop realized from the growing of the grain, but I cannot see any reasonable ground why an advance for seed grain should be a prior charge upon the land and be paid out of the proceeds of the sale of the property on the realization of the mortgage, in priority to the claim of the mortgagee, in this case the board. I think that requires consideration.

Mr. DUNNING: My hon. friend has read clause 12, I presume.

Mr. CAHAN: Clause 12, if the chairman will allow me to deal with it, says:

> In the event of legislation being passed by the legislature of any province operating under this act after loans have been made available in that province which, in the opinion of the board, would prejudicially affect the security of existing or future loans, the board. . . may cease to make further loans in that province.

I am not dealing so much with the future; I am dealing with existing prior charges which are not affected at all by section 12, as I understand it.

As I am dealing with section 7, I would like to call attention to paragraph (d). My hon. friend from Vancouver Centre mentioned the difficulties which farmers have in carrying on farming operations on borrowed money. As a matter of fact, farmers in no civilized country have yet, except in individual cases, been able to carry on farming under normal conditions on borrowed money and make it succeed. In this case the sole plea which is put forward that appeals to me is that the rate of interest is to be made so low as to enable the farmer under these exceptional circumstances to use borrowed money to his own individual profit. But for what purpose should he be allowed to borrow that money? We know as a matter of fact that the three provinces of the middle west, like many of our eastern provinces, are loaded up with liabilities created by the purchase of furniture, by the purchase of organs and even of pianos, by the purchase of automobiles and a hundred and one other things on the instalment plan, where the payments are extended not simply over twelve months, but as much as eighteen months. We know that that prevails in all of the provinces, perhaps not to a greater extent in the middle west, but to a very great extent there. Now I for one suggest that it is not proper to appeal to the Dominion government and to parliament to make loans of money to enable the farmers of any province to pay off debts which have been created by the purchase of luxuries of that kind on the instalment plan. I suggest that the liabilities which may be paid off under these farm loans should be liabilities which have been created in good faith in the cultivation and management and extension of the farm.

Mr. WOODSWORTH: I would like to ask the hon. gentleman where he secured his information with regard to the character of the farm homes of the three prairie provinces.

Mr. CAHAN: I have not made any reference to the farm homes of the three prairie provinces. I am not discussing the farm homes.

Mr. SPENCER: What about the instalment buying?

Mr. CAHAN: What I mean by instalment buying, if the hon. gentleman wishes to know, is this: I have received that information not only from the banking community but from some of the loan companies doing business in the west, and from some of the most representative men that those three provinces have produced. They have told me that to the same extent that exists in the eastern provinces the purchasing on the instalment plan has created a very considerable volume of unliquidated indebtedness in these three western provinces. You find the same thing in the eastern provinces as well. I am not making an exceptional statement.

Mr. GARLAND (Bow River): The information of the hon. gentleman with respect to conditions among the farmers of western Canada is inaccurate.

Mr. CAHAN: I am willing to accept that from one who knows the conditions as well as my hon. friend, but I am using the information to illustrate this fact: Whether you call this an advance from the Dominion treasury, or whether you call it a guarantee by the Dominion government, it is one and the same thing. I regard these bonds as guaranteed by the Dominion government under conditions where a higher rate of interest has to be paid on the bonds than would have been paid if the bonds had been directly guaranteed by the government, although the liability of the government, I think, remains the same. Now for what purpose should we use the credit of this Dominion, which we are using, as the hon. minister himself admits? Should we use the credit of this Dominion for any other purpose than to aid the farmer in acquiring and cultivating and managing his farm?

Mr. JACOBS: When the farmer is loaded down with debt, does the hon. member think it really makes very much difference how it was contracted so long as the debt is pressing and has to be paid, failing which the farmer will be turned out.

Mr. CAHAN: It would be far better to let the debt be cleaned up and for the farmer to start afresh. The farmer should have some way of taking advantage of some sort of insolvency legislation to the same extent that eastern merchants have. Subsection 2 of section 7 provides:

> The proceeds of such loan shall be used for the following purposes and no other,—
> (a) To purchase farm land;

That is a very proper use of the proceeds.

> (b) To purchase fertilizers, seed, live stock, tools, machinery, and any implements and equipment necessary to the proper operation of the farm mortgaged;

A proper use of the proceeds.

> (c) To erect farm buildings or to clear, drain, fence or make any other permanent improvement tending to increase the productive value of the land;

A very proper use of the proceeds. But when we come to (d) we find the whole horizon opened up to us. In (a), (b) and (c) we have set forth in detail most commendable objects for which these proceeds may be used. As the whole country is interested in agricultural production, you might reasonably ask that its credit should be used to assist in providing these additional facilities for the acquisition and the cultivation of the land. But when you come to:

> (d) To discharge liabilities already accumulated;

I say it is asking just a little too much to ask that the Dominion treasury, or if you will the Dominion government, should guarantee and provide loans to liquidate already accumulated liabilities in the northwest.

Mr. BROWN: Will the hon. gentleman apply that to all liabilities that may be accumulated, or will he differentiate to any degree?

Mr. CAHAN: I would differentiate, possibly, in the case of liabilities which have been incurred clearly for the purposes of (a), (b), and (c), I would make a clear distinction there. But to discharge liabilities already accumulated of every sort, description and kind, seems to me to be going beyond any reasonable limit for the proper application of these funds. That is all I am pointing out.

Mr. MACDONALD (Glengarry): Loans would be limited to 50 per cent of the value of the lands and 20 per cent of the improvements.

Mr. CAHAN: I grant that, but even so the provision I have indicated is open to criticism.

Mr. GARDINER: I have listened with a good deal of interest to the remarks of the hon. gentleman who has just taken his

seat. He complained very severely that the credit of this Dominion is going to be used to assist the farmer. It is just as well to define what credit is or how credit is created. The only basis of real credit is the ability of the Canadian people to create and deliver goods and service.

Mr. CAHAN: You are opening up a large question.

Mr. GARDINER: The farmers of Canada produce a tremendous amount of credit because they produce and deliver goods and service. One of the real reasons why the farmers have come to this parliament and asked for some redress from the high interest rate they have to pay is because parliament in the past took the credit of the people of Canada and gave it to private interests to exploit. That is the real reason why we are asking for this legislation. I notice that the hon. member (Mr. Cahan) is leaving the chamber, because now we are dealing with the real question at issue from the bottom upward; we are not dealing with it in a superficial manner. The farmers expect and hope that the present bill will pass this House in order that they may experience some measure of relief from the high interest rates they have been paying in years gone by. It is because of the existence of such high rates and the fact that they are controlled by a financial group in this country that we farmers find ourselves in the position in which we are to-day. We had to submit to the deflation the financial interests of Canada placed upon our shoulders. We could not resist it because of the fact that parliament in the past gave over to financial interests in this country the total credit that the people of the Dominion produced.

The hon. member who has just left the chamber made the statement that no loans under this legislation will be made east of Fort William. I should like to say that I have received deputations from the newer districts of Quebec consisting of farmers who want to come under this particular scheme because they have no facilities for long term loans at lower rates in the particular districts from which they come. I am also quite satisfied the farmers in the Maritime provinces will take advantage of this legislation.

The hon. member for St. Lawrence-St. George has directed considerable criticism against the prior claims that exist in the province of Alberta. He cited one case where the loans on the property given by the mortgage company amounted to $11,600, but when they foreclosed and came to take possession of the property they found the prior liens amounted to something like $17,000. The hon. gentleman blames provincial legislation for all these priorities. Now I want for a moment to occupy the time of the committee in analyzing these so-called priorities. The provincial government has been blamed for placing these priorities against these lands. But the first so-called priority of $9,507 was not placed against the lands by provincial legislation. They were Dominion seed grain liens and therefore the federal authorities were responsible for placing them. Consequently it is not fair to saddle the provincial government with the responsibility.

Mr. CAHAN: Could any legislation that we passed in respect of seed apply without the concurrence of the provincial legislature?

Mr. GARLAND (Bow River): They are Dominion liens, not liens of the provinces.

Mr. GARDINER: Seed was given out by the Dominion government after the crop failures in 1914. Most of these liens were placed against crown lands. I have not known of a case where a Dominion seed grain lien was placed against any other land. The next item of $3,165 represents municipal and provincial taxes. I do not care where you go in this country—whether to city, town or village—but you will always find that taxes have priority before mortgages. It is only reasonable that should be so. Otherwise we could not continue municipal government in Canada for any great length of time. The hon. gentleman also referred to a sum of money of over $2,000 as being a co-operative rural credit society lien against the land. May I say that the rural credit society in the province of Alberta can only place its liens against the stock or against the growing crop. Those are the only directions in which the society has power to place these liens, and it is usual to place the lien against the growing crops. It is the only society in the province of Alberta at the present time, that I know of, that has the power, with the exception of the municipalities, of placing a lien against the growing crop. Even banks cannot do it under the existing legislation.

Now we come to the hail insurance amounting to $627 out of $17,000 that the hon. member complains about. I admit that this is a prior claim created by the municipality under the municipal hail insurance scheme. But let me say this to the hon. member: Mortgage companies in western Canada, at least in Alberta, do like to have people who are borrowers take out hail insurance against their

crop. If that is not done through the municipal scheme, the mortgage companies will do it through private companies whether you agree to it or not and it is applicable to the growing crop. That in my judgment is very high handed, but they had to protect themselves, anl consequently when we find the small sum of $627 as hail insurance against those parcels of land it was in a large measure just as much a protection to the mortgage company as to the borrower.

Mr. CAHAN: I find that on April 14 last in Alberta, six million dollars of liens were outstanding upon farm lands for seed supplied by the provincial government under provincial legislation, and I may have made a mistake in my reference to a seed lien. That six million dollars is a lien by virtue of provincial legislation.

Mr. GARDINER: The hon. member made the statement very emphatically that these were Dominion government seed grain liens.

Mr. CAHAN: I probably did.

Mr. GARDINER: I have seen exactly the same return and it was exactly as he stated it. We come to the question of hospital fees in the item he read, $231. I suppose the hon. member would place the people living in the western provinces, sometimes twenty, thirty, forty or fifty miles from a railway, in such a position that if they had not the cash to pay hospital bills they had better stay at home and die. That seems to be his method of dealing with the question. Because of the conditions that have been in existence up to the present time, and ever since that western country has been opened up it has been necessary to provide for the health of the people. In some instances it is quite true the municipalities pay the hospital bill and they have to charge it up against the land owned by the person who incurred the bill; but the amount is strictly limited.

The next item my hon. friend deals with is mechanic's liens, $1,600. Now a mechanic's lien is placed against a piece of property. First you have to get your building material and hire labour to erect a building. These mechanic's liens may include the cost of labour and material. My hon. friend should realize that if there is a mechanic's lien against any piece of property there are improvements on that property that are well worth the money the lien represents; consequently the security of the mortgage company has been increased by the erection of the building on that particular property.

[Mr. Gardiner.]

I would suggest a possible amendment to subsection 5 of section 7, which deals with the amount payable over and above the interest rate to provide for the expenses of the board and the reserve fund. I suggest to the minister that, so far as the expense account is concerned this amount of interest should be strictly limited. One of the things, and probably the only thing, I am afraid of in regard to this legislation is that we may get an overhead too great for the structure at the present time. I suggest, therefore, that we amend subsection 5 to provide that the amount of the interest charge, over and above what they pay on the money borrowed for administrative purposes, shall not exceed one per cent. I think we should tie it down so that the overhead will be as low as possible, and instead of coupling together the provision for the overhead expenses and the reserve fund, I would separate the two and give the board the opportunity of including in the interest rates sufficient to provide a reserve fund against loss. By doing that we will put it on a sounder basis, and control the expenses at the head.

Mr. BURY: I rise to confirm to a certain extent what the hon. member for St-Lawrence-St. George has said. There is no doubt that the state of the law in Alberta has had a very prejudicial effect upon loaning, the effect being that the ordinary loaning companies at one time practically withdrew all their operations from the province, refusing to lend any more money. The result was that as those who were prepared to lend money were reduced in numbers, the rate tended to go up. In other words, the better your security the cheaper your money will be. One farmer came into my office to negotiate a loan and asked me the rate of interest. I said 10 per cent. He said that was impossible. I said, "I quite agree that any farmer who borrows money at 10 per cent is a foolish man." He left the office without taking the loan. You cannot expect cheap money in Alberta or any other province unless you are prepared to make your security good, and the legislature of Alberta has undoubtedly interfered with the security which the lenders of money ought to have as one of the first inducements to lending money at a low rate.

So far as the different incidents or charges which have been mentioned by the hon. member for St. Lawrence-St. George and the hon. member for Acadia are concerned, I submit that it is absolutely essential that any loan made under this scheme should be subject to the laws of the province. You cannot

get away from that, because the provincial legislature has complete control of property rights. I do think, however, that the government should approach Alberta and other provinces, for the purpose of coming to an agreement with them, that the law of the province should be modified in respect of loans advanced under this scheme so that they shall not be subject to the same priorities, as are ordinary mortgages in the province at present. I do not see, for instance, how you could displace the priority of municipal taxes or school taxes. These must, from their very nature, be a first charge on the land of the farmer, or of anybody else, whether he be farmer or not, who gets the advantages of municipal services and school services. But I do think there is an essential difference between such a charge as, say, municipal or school taxes, and the charge for seed grain liens, or even for hail insurance, or almost any of the other charges which can be put upon a farmer's lands.

The hon. member for Acadia referred to hail insurance. While it is absolutely essential, of course, for the farmer to have hail insurance,—and if he does not so insure the mortgagee, whether an individual or a company, will certainly do it for the protection of his money—the fact remains that by virtue of the law of the province of Alberta having removed from the mortgage instrument the proper virtue of the personal covenant, the hail insurance is not what it ought to be. In other words, the mortgagee who has his security on the land is not able under the laws of Alberta to proceed on the personal covenant and to get any moneys from other resources which the farmer may have until he has exhausted his remedies against the lands themselves. Therefore it stands to reason that even if the farmer gets money from his hail insurance that will not answer the actual mortgage on the lands; it cannot be attached. The only reason why the mortgage companies, banks or others who may have mortgages on lands insist on hail insurance is that they want he farmer not to be down and out so that he will be in a position with the hail insurance moneys, if he chooses so to use them, to relieve his indebtedness to the mortgage company or the bank or to start farming again the following year. But hail security is no additional security.

I might go on with the other different charges—

An hon. MEMBER: Dispense.

Mr. BURY: —but I do not purpose to do so in view of the courtesy of hon. gentlemen opposite. If, however, this scheme is to go through the government will have to make special arrangements with the provincial legislatures to see to it that moneys advanced under it shall not be made subject to seed grain liens, or to hail insurance, or to any other form of advance, even to mechanics' liens. A mechanic's lien in Alberta takes prority over a mortgage only to the extent to which it betters the mortgagee's security. The mortgage comes prior to the mechanic's lien except to the extent to which the property has been increased in value, and therefore I do not know that there is any very great objection to the mechanic's lien. As regards the other charges I certainly urge the minister to take some action with the provincial governments to see that those charges do not go on in front of the loans under this scheme.

I would ask the minister to consider very carefully whether it would not be advisable to provide quick and cheap legal remedies in connection with the realization of securities. In other words, as your bill stands now you have to go through the whole full-dress performance of an action in court for the purpose of getting an order either for sale or of foreclosing the lands and taking them over. Where the Dominion government and the provincial governments are co-operating for the purpose of putting through a scheme of this nature, some provision ought to be made in the bill for cheap and speedy legal machinery for realizing on the security of the loan. I wish before taking my seat to thank hon. gentlemen who apparently thought it was necessary to applaud during the few remarks which I had to make.

Mr. GARLAND (Bow River): I do not think there is a more important clause in this bill than the present one, and I am surprised at the evident haste there is on the part of hon. gentlemen in some parts of this House to rush this through without due consideration. I want to call the attention of the minister again to the protest made a few moments ago by the hon. member for Acadia (Mr. Gardiner) in respect to clause 5.

Let me say at the very outset that unless the money can be lent to the farmer at a rate of interest not exceeding 7 per cent, including amortization, the scheme itself is going to be slowed up and few are going to take advantage of it. Indeed its whole future may depend upon the rate of interest. It is true, as has already been stated, that the

question of efficient administration also enters into the matter, but efficient administration coupled with a rate of interest too high will defeat the whole purpose of the bill, nullify it and make it of absolutely no advantage to the farmer. Subclause 5 of clause 7 reads:

> The interest rate on loans under this act shall be such a rate in excess of the interest rate yielded at the time of issue by the last series of farm loan bonds issued by the board as shall be sufficient, in the judgment of the board, to provide for the expenses of operation and for the necessary reserves for losses—

And so on. I am opposed to leaving those wide powers in the hands of the board. The board should not have the power to assess its own administration costs. Every hon. member knows from personal experience the temptations, the inclinations of all government appointed bodies to aggrandize themselves and their particular departments or functions, whether they be commissions or departments of the government itself. There is a serious danger that too great an establishment may be set up, too many officials employed, and in a dozen other ways the expenses of the board advanced and the rate of interest increased.

I would like to see inserted in that subclause a maximum of one per cent as a limit for administration costs. I agree of course with all hon. members who have considered this or similar bills for four or five years that we must protect the whole scheme by making provision for proper reserve. We have no objection to, nor are we opposing, proper provision for reserve. But in addition to the wide power that is gven in this clause, if hon. gentlemen will turn to the first subclause of clause 9 they will find provision made for a vast reserve fund amounting to 25 per cent of the total paid up capital of the board, which may be a contingent reserve and called upon for administration purposes. In other words you have already in subclause 1 of clause 9 full provision of any additional outlay that may in the initial stages fall upon the administration in carrying out its business over and above the one per cent.

Sir HENRY DRAYTON: This is merely to see what they can do with earnings when they get them. It does not make an earning.

Mr. GARLAND (Bow River): Certainly it does not necessarily make an earning, but there is a provision for a contingent reserve which may, if secured, be drawn upon by the adminstration. The two coupled together make altogether too wide powers for any board. I strongly support the suggestion of the hon. member for Acadia that we ought to have some limit to the administration costs. Full and proper provision should be made for reserves, but the administration costs must be kept down to a limit.

Mr. DUNNING: I hope my hon. friend did not have me in mind when he spoke of rushing things on this bill. I think I have sat here very patiently this evening.

Mr. GARLAND (Bow River): I wish to exonerate the minister. He has been very patient and has done very well, but I do not wish to exonerate hon. gentlemen who bang their desks when other hon. gentlemen are sincerely criticizing the bill.

Mr. DUNNING: With regard to the question of a limited spread for administration I am somewhat embarrassed in discussing this, as I understand that a number of members on both sides have already discussed it with the Minister of Finance and that he is willing to accept the suggestion. I suppose I cannot separate myself from ministerial responsibility long enough to discuss just the difficulties I see in its operation, so that I had better move on behalf of the Minister of Finance to insert after the word "operation" in the fifth line the words "not exceeding one per cent of the amount of the loan." The subclause would then read—and I would ask the hon. member for West York and the hon. member for Vancouver Centre particularly to follow this, because of their interest in this matter from past investigations:

> The interest rate on loans under this act shall be such a rate in excess of the interest rate yielded at the time of issue by the last series of farm loan bonds issued by the board as shall be sufficient, in the judgment of the board, to provide for the expenses of operation not exceeding one per cent of the amount of the loan and for the necessary reserve for losses.

Mr. STEVENS: The idea is quite sound.

Mr. DUNNING: The motive.

Mr. STEVENS: Yes, but the wording of the addition is in the wrong place.

Mr. DUNNING: I think not.

Mr. NICHOLSON: What will happen if it is found that the act cannot be administered on that amount? Some means surely will have to be found to carry on.

Mr. DUNNING: I wish my hon. friend would not ask me to enter the realm of prophecy to-night. We can at least make an effort to administer the act under the conditions provided. In the United States one per cent is allowed, although included in that amount is provision for losses.

An hon. MEMBER: Hear, hear.

Mr. DUNNING: Those gentlemen who say "hear, hear" must bear in mind of course that it is one thing to provide one per cent as a basis of operations in which a billion dollars is involved, and another thing to start a new scheme lending one million dollars in one year and having as a result only $10,000 to operate with.

Mr. GARLAND (Bow River): The minister does not wish to prejudice the bill by suggesting a billion dollars as the limit under which the one per cent will not apply?

Mr. DUNNING: Not at all.

Mr. GARLAND (Bow River): Because I have in my hand the last report of the federal farm loan board of the United States in which the statement is frankly made that experience has fully demonstrated that when a bank attains a volume of $100,000,000 in mortgages it can, owing to that volume, pay all expenses of operation, all losses and all other charges on a spread of less than one per cent.

Mr. DUNNING: I do not want to prejudice the bill but there is a long piece of difference between even $100,000,000 and the amount that will be involved in a new scheme of this kind.

Sir HENRY DRAYTON: The amendment is in the right direction. But there is no excuse for spending $50,000 as we shall spend if we do a business of $5,000,000. There should be no heavy overhead expenses in this business, as it is not necessary to have wonderful offices with plate glass windows and all that sort of thing. This scheme can and ought to be run cheaply. The only criticism I have to offer is that, if anything, the one per cent is an invitation to spend more money than we should.

Mr. DUNNING: Under the Saskatchewan scheme it was necessary to come to the legislature every year for an amount sufficient to pay the cost of administration, which as I remember stood at $60,000 for several years. And I believe the system there handles something in the neighbourhood of $10,000,000 in the way of loans.

11 p.m.

Sir HENRY DRAYTON: That is six-tenths of one per cent.

Mr. DUNNING: Yes, but as to whether that $60,000 would include all items which in this scheme come under the head of administration I am not sure. There are certain charges to the borrower which vary under different schemes.

Sir HENRY DRAYTON: Subsection 6 provides that every farm loan shall be repayable in equal annual or semi-annual instalments of principal and interest, while subsection 4 of section 9 contemplates repayment by cancellation of stock. Which is right? There cannot be two repayments.

Mr. DUNNING: If my hon. friend can visualize the scheme succeeding to the extent of paying dividends at all; if he can visualize further these dividends being held by the board under the section to which he is referring; and if also he can visualize the man keeping up his annual payments, principal and interest, he will see that there will come a time when the board will owe the borrower in the form of accumulated dividends as much as he owes the board. When that is the case the provisions of the last subsection of section 9 will apply.

Sir HENRY DRAYTON: It is not so drawn, if that is the intention.

Mr. DUNNING: I think my hon. friend will see through it if he will read the section carefully.

Mr. CARMICHAEL: I understood from the discussion that the interest rate to be paid for the bonds would be in the neighbourhood of 5 per cent, to which one per cent would be added for operation, while provision would be made for the necessary reserves for losses. I have not heard the minister prophesy tonight what in his opinion will be necessary in the way of reserves. It would probably be a fraction of one per cent, possibly one-half, I do not know. Perhaps the minister would not care to prophesy, but he said in his previous remarks that he was of the opinion that the money could not be given the borrower at a lower rate than 6½ per cent. We had it brought out in this committee by the hon. member for North Simcoe (Mr. Boys) that the province of Ontario is placing money in the hands of farmers at the rate of 5½ per cent, and yet it is stated that the Dominion of Canada, a confederation of nine provinces, cannot do the same thing at less than 6½ per cent.

Mr. DUNNING: If my hon. friend will read the statutes of Ontario he will find the explanation. I had them here, but they are gone now. The province bears the cost of administration separately.

Mr. CARMICHAEL: I am rather of the opinion that that is not the real secret for the cheap money in Ontario. The real secret is that Ontario is taking the savings of the people and paying 4 per cent, I believe.

An hon. MEMBER: Three and one-half per cent.

Mr. CARMICHAEL: That is better still. Then they let that money out on a spread of 2 per cent, charging the farmer 5½ per cent. The hon. member for Vancouver Centre (Mr. Stevens) remarked that money should reach the farmer at a maximum interest rate of 6 per cent, and I am heartily in accord with that statement. If the farmer cannot get the money at a rate not exceeding 6 per cent I am afraid our rural credit scheme will prove abortive, but I am of the opinion that the money can be given the farmer at a maximum rate of not more than 6 per cent.

The hon. member for Macleod (Mr. Coote) made a suggestion of which no one has taken cognizance. He said that we have in the Post Office savings accounts $30,000,000, taken from the people on which we are paying 3 per cent interest. I wonder if there is not some way of putting this money into the hands of the farmers at a lower rate than we will get in the New York market. We have post offices all over Canada; it would not be stretching our imagination too much to suppose that we might pay 3½ per cent interest to the people, or even 4 per cent, for their savings. If the government would agree to pay 4 per cent through the Post Office savings department they would get ample funds to carry on this scheme, and they could let the money out at a maximum rate of not more than 6 per cent and possibly 5½ per cent. I know some of our financial wizards will say that this is invading the precincts of the banks, that we are intruding on bank property and taking some working capital away from these institutions. That is just what I would like to do. The banks of this country have been working on the savings of the people, paying them not even 3 per cent interest, as was pointed out a week or so ago, but paying only 1½ per cent or 2 per cent. If the Dominion would take over some of the savings of the people from the banks we would not be doing any great injustice.

I am very much of the opinion, Mr. Chairman, that if we cannot keep this rate of interest down to a maximum of 6 per cent we are going to make the scheme useless at the outset, because even 6½ per cent will not represent the total rate of interest the borrower must pay. He has to subscribe 5 per cent of the amount of his loan, and if you take the interest on that 5 per cent along with the 6½ per cent it will amount to almost 7 per cent. So I believe that it would not be very hard for the mortgage companies to reduce their interest rate from 8 per cent to 7 per cent, and so put this rural credit scheme out of business before it starts.

Mr. GARLAND (Bow River): There are one or two other explanations I would like from the minister. If he will look at subsection 1 of section 7 he will find that provision is made for a maximum sum of $10,000 to be paid to any one person or two or more persons, in the case of joint ownership of a farm. I am not complaining of the amount at all, but I wish to draw his attention to the fact that there is a discrimination against a partnership farm, and as the minister well knows there are a very large number of such farms in western Canada. They represent the very best kind of risks, and they will be deprived of a fair loan under this bill.

While the minister is considering that point my second suggestion is that in subsection 7 of section 7 he will find provision made for interest on defaulted payments at a rate not to exceed 8 per cent per annum. In my opinion that is an altogether excessive rate; it should be not more than 7 per cent at the very most, and should really be in the discretion of the board in cases where extreme hardship has brought about the unfortunate condition of being unable to meet the interest.

Mr. DUNNING: The words "not exceeding" are there.

Mr. GARLAND (Bow River): Eight per cent is too high. If the minister would make it "not exceeding 7 per cent" it would be much better.

Mr. DUNNING: With respect to the remarks of the hon. member for Kindersley I might say that I would much prefer to tell the farmers of Canada, as an expression of my opinion, that the rate would likely be higher than it afterwards turned out to be, than to suggest a rate lower than later proved to be the case. My hon. friend will perhaps remember that I was pressed for a personal opinion, which after all is the opinion of only one man. Inasmuch as it was my opinion, however, for which I must take responsibility, I would much prefer to state as my opinion a rate higher than turns out to be the fact than give a figure lower than that which really results. I hope it may be possible to get the interest rate down to 6 per cent, but I must be honest in stating my opinion that it will be very difficult to get it that low,

although there is a tendency towards a lower cost for money which is very encouraging. Hon. members will remember that Saskatchewan farm loan bonds were formerly selling at 5 per cent par and are now selling at 4½ per cent. When enough of them are out at that rate there is no doubt that it will affect the basic rate, but it will be some time before that condition is brought about.

Now we have subsection 5 cleaned up, and with regard to the rate of interest in subsection 7 I am quite willing to accept the suggestion of the hon. member for Bow River and reduce the interest from 8 per cent to 7 per cent. I think the rate on arrears should be higher than the original rate. Farmers are like other human beings; they pay first those debts carrying the higher rate of interest and leave the others until the last. But probably 7 per cent would be a sufficient incentive, and I move that the word "eight" in the third line of subsection 7 be struck out, and the word "seven" substituted therefor.

Amendment agreed to.

Mr. BURY: Will the minister say whether he intends to do anything by way of arranging with the provinces to have a simple and cheap method of realizing on securities, and also to prevent prior claims going in front?

Mr. DUNNING: My hon. friend asks two questions, first with reference to cheap methods of foreclosure and so forth. As a lawyer my hon. friend is of course familiar with the differences existing between the various provinces in that regard. We are presuming that the men who are going to administer this act will be men who will be interested in pressing in all directions for measures which will promote the more economic administration of it. It would be useless in our opinion to attempt to say anything in this law having anything to do with that matter, but as a matter of administration undoubtedly the board, and the government back of the board, will be interested in securing as simple processes as possible for dealing with the legal business connected with it.

As to the second question, the question of priorities, my hon. friend will notice from section 12 that that has engaged the attention of the government in giving consideration to the measure, more especially as regards future priorities.

Mr. BURY: Exclusively as regards future priorities.

Mr. DUNNING: But outside the mere written letter of the statute there must be common sense applied in working out its provisions, especially when the act is of a co-operative nature. Negotiations must take place between the provincial governments and the federal government with respect to the provinces coming under this scheme, and all these matters and their relationship to the whole scheme must be discussed. But I would point this out to my hon. friend, that the government is not requesting for this scheme a priority which other creditors of a similar class do not enjoy. The government is not requesting that; it is nowhere written in the law.

Sir HENRY DRAYTON: I think that is right too.

Mr. DUNNING: My hon. friend from East Edmonton was advocating that in relation to loans of this character, priority should be enjoyed which other creditors of a similar class, first-mortgage creditors, are not presently enjoying under provincial legislation, and I was saying that in my opinion that should not be contemplated.

Section as amended agreed to.

Sections 9, 10 and 11 agreed to.

On section 12—Legislation prejudicially affecting security.

Sir HENRY DRAYTON: Has the minister considered whether it would be advisable to have that read so as not only to cover future but present legislation? It would be strengthening his hands if he wanted to deal with the matter.

Mr. DUNNING: In giving consideration to the matter up to now, the government has considered that the control by the central board of the percentage to be loaned enables it to deal in a measure with the existing condition. That is, we can as a matter of fact say to a provincial board or to a provincial government: Because of certain priorities which exist in your province we do not think the percentage of the total value to be loaned there should be as great as in other places where the priorities are less. We think that negotiations would result in improvement along that line.

Sir HENRY DRAYTON: If my hon. friend is content with that, why leave the section in at all?

Mr. DUNNING: For the future.

Sir HENRY DRAYTON: If my hon. friend can deal with the existing evil by simply saying, we will not lend you beyond a certain amount, he can deal just as well with a similar condition in the future by saying, we will not lend you beyond a certain amount. We should have a little bit of consistency one way or the other, if we are serious about it. If the minister is not serious, why then leave it as it is, and let it go. But I can assure him that he is only making it more difficult for himself. It is very easy to say, "present or future legislation". But he may be quite satisfied with all these loans. If he is, he should not put this section in at all. He should be consistent.

Mr. DUNNING: I am not so much concerned about being personally consistent as I am about having this in practical operating shape. If we agree, and I think the members of this committee would generally agree, that the Canadian Farm Loan Board should not enjoy special privileges with regard to these particular mortgage loans as compared with other mortgage loans—

Sir HENRY DRAYTON: We are agreed on that.

Mr. DUNNING: If we are agreed on that, we have to face conditions as they are, and I am arguing that we can best deal with these varying conditions by controlling to an extent the percentage to be loaned in provinces where the conditions are less favourable from the point of view of priorities than they are elsewhere. I think, in addition, the inclusion of section 12 might have a very salutary effect in future in provinces which were considering further priorities. We could call their attention to section 12, and I think its value would be very apparent under the circumstances.

Section agreed to.

Sections 13, 14 and 15 agreed to.

On section 16—Regulations.

Sir HENRY DRAYTON: I wonder if we can get any advice as to what is really the important matter in connection with this act, namely, administration. How is this board to be appointed? How many years of political service are going to be required? This is the sort of thing we should know something about. If we cannot get this thing out of politics and get it down to a business basis in some way or another, we are simply wasting our time on it and spoiling our hopes. What is going to be done?

Mr. DUNNING: Really, Mr. Chairman, we did consider this matter when we were on clause 3. We also dealt with it when we were discussing the provision which has to do with provincial appointees. There is no guarantee, of course, that the provinces of Canada are going to be of one political complexion or another all through. The provinces which enter, regardless of the political complexion of their government at the moment, will make their recommendations as called for by this act. I revert to section 3, which provides:

> There shall be a board, known as the Canadian Farm Loan Board, which shall be a body politic and corporate, and shall consist of four members, one of whom shall be the minister—

That is the Minister of Finance.

> —who shall be chairman thereof, and the other three of whom shall be appointed by the Governor in Council. One of the members so appointed shall be designated the "Canadian Farm Loan Commissioner," and shall be the chief executive officer of the board. The commissioner shall be appointed for such a period of years as the Governor in Council may designate. The other members of the board shall be appointed in the first instance, one for a period of three years and the other for a period of six years; thereafter appointment of members other than the commissioner shall be for a period of six years. Any member of the board shall be eligible for reappointment.

The provinces come in under another section.

Sir HENRY DRAYTON: I am not referring to them. If we can get proper appointments from this government, we shall be doing pretty well. Further, I am not referring to the letter of the law, but as to the qualifications the government are going to look for. How many years, for example, in sucessful work in the western provinces dealing with farm loans, farm lands and the like, is to be looked upon as a requisite before appointment? What does the government look upon as the underlying qualification of absolute necessity in connection with these three commissioners? I am not now referring to the Minister of Finance. He is ex officio a member of the board, and he will have very little to do with the work. I am referring to the commissioners to be appointed, and particularly to the chief commissioner. What qualifications are the government going to insist upon, or have they none in mind at all?

Mr. DUNNING: I do not think my hon. friend is serious in asking that question.

Sir HENRY DRAYTON: I am very serious.

Mr. STEVENS: I am sorry I was not here when clause 3 was being discussed. I may have overlooked it, but I do not see in the bill any reference to the appointment of a representative of the bondholders on the board. I do not wish to delay the passing of the bill tonight, but would the minister consider having an amendment made to that effect? It might be made in the Senate.

Mr. DUNNING: I may say that consideration has been given to the point. Consideration has also been given to the same point in the United States, but there is difficulty in getting such a representative in view of the fact that the bonds are floating around all the time, and are changing hands and so forth. However, the matter is worth consideration; the object my hon. friend has in mind is a good one.

Sir HENRY DRAYTON: The minister has not yet told us what he conceives to be the qualifications for a man discharging this great trust. Has not the government got down to the initial point yet, the point which is purely a primary point, of making up its mind as to the type of man needed, and the class of experience which he should have? I would have thought my hon. friend would have that information at his finger tips.

Mr. DUNNING: Well, in some respects the kind of experience my hon. friend has had would fit him for the position. In other respects probably my hon. friend would not be qualified. But certainly a man is needed who has had experience in administering this kind of business, a man of good character and good judgment. Good judgment is more needed than any other quality for a position of this kind. Then he should have a fairly stiff back. I mentioned when we were on the clause before that a good stiff back is essential.

Sir HENRY DRAYTON: I know, but the country has no idea of finding out how the government chooses "stiff backs". I predict that will never get there. It is just one of those things that does not mean anything and is not intended to mean anything. I am asking again if the government has in its mind any man it thinks is qualified to undertake this job. I do not know whether it has or not, but I would have thought it would have looked, before making these appointments, for men who have been engaged in this kind of work for at least a certain number of years and have a real and intimate knowledge of the conditions in western Canada.

Mr. DUNNING: Not in western Canada —in Canada.

Sir HENRY DRAYTON: Just at the present time I am dealing with the west, and if we are going to have this scheme carried out properly it must apply to the west. I am not objecting to that, the only thing I am saying is that we should have something like a decent board to administer this bill, and I am suggesting that the people qualified should know the country where the chief operations of this board are to be—that they should have had a certain number of years' experience of this kind of business and have proved themselves successful in it.

Mr. DUNNING: I can assure my hon. friend that the government will take full responsibility for these appointments when they are made. The government is just as anxious as my hon. friend can be to have this system properly administered. I agree absolutely that the men to be appointed to these positions should have had experience in connection with the kind of work they will have to tackle. All these considerations will, of course, be taken into account by the government in dealing with the matter. We will have to take the responsibility involved and we shall be glad to do so.

Section agreed to.

Section 17 agreed to.

Bill reported, read the third time and passed.

DOMINION FOREST RESERVES AND PARKS ACT AMENDMENT

On motion of Hon. Ernest Lapointe (for the Minister of the Interior), Bill No. 97, to amend the Dominion Forest Reserves and Parks Act, was read the third time and passed.

On motion of Mr. Mackenzie King the House adjourned at 11.30 p.m.

Wednesday, June 2, 1926.

The House met at three o'clock.

PEACE RIVER ELECTION

REPORT OF THE CLERK OF PETITIONS

On the order being called for presenting reports:

Mr. SPEAKER: Yesterday a question came up with regard to the report on a certain petition, and objection was taken to the drafting of the report signed by Mr. Todd, who is the Examiner of Petitions. His report appears in the Votes and Proceedings of yesterday.

It was stated by the right hon. leader of the opposition (Mr. Meighen) that the examiner should not, so to speak, dictate to the House what course it should follow. I have read very carefully the report of Mr. Todd, who, by the way, has been almost fifty years in the service of parliament, and who is one of the most distinguished officials of this House. His report was not inspired by me, I need not say, and in my opinion Mr. Todd in presenting this report has followed what has been the practice of this House ever since my memory serves me.

Hon. members will see that Mr. Todd in his conclusions states:

> The form of this petition and its contents so far as the first part of the prayer is concerned are within the requirements of the 75th rule, and refer only to such matters as are within the right and competency of the House to deal with, should the House desire to do so; should, however, the course suggested in the second part of the prayer be taken by the House it would apparently have the effect of authorizing other persons to exercise a power which the House has already delegated by statute to the exclusive jurisdiction of the courts.
>
> Apparently the first part of the prayer of this petition is only of a preliminary nature leading up to the main request as contained in the second part, consequently, the prayer, considered as a whole, brings this petition within the ruling of Mr. Speaker Lemieux given on the 6th May last, in a somewhat similar case, which ruling was subsequently sustained by the House on appeal, viz., that a petition which prays for any action to be taken by the House that might involve in any respect an interference with the provisions of the Controverted Elections Act, chapter 7, R.S.C., 1906, cannot be received.
>
> Under these circumstances I have therefore the honour to report that this petition should not be received.

Mr. Todd does not order the House, he does not even direct the House, not to receive the petition. He simply states that in his opinion, as an officer of fifty years' experience, and having always reported in that way to the House, the petition should not be received. But the House, of course, is at liberty to receive it or not, as it sees fit.

[Mr. Mackenzie King.]

I should like to point out this, and I am not now dealing with the merits of this case at all: Last year on two occasions, on the 17th of June and again on the 27th of June the Clerk of Petitions reported on two different petitions with this postscript: "Irregular. Would involve the expenditure of public money." And in the House, on the 17th of June, and again on the 27th of June, Mr. Speaker decided, following the immemorial usage:

> That as the granting of the prayer of this petition would involve the expenditure of public money, it cannot be received.

The same wording is used this year as last year; therefore there has been no departure in this case from the procedure followed in former days. It is taken as a matter of course that when this official makes his report, provided it is not in excess of his authority and that he keeps within the meaning of his prescribed duties, the House always accepts it. As I said a moment ago, I am not now speaking on the merits of this case. I notice there is a motion to reject the report and to proceed further with this petition.

As the action of this official was called in question yesterday, let me read from the Classification of the Civil Service of Canada, which defines his duties:

> Clerk of Petitions
>
> Definition of Class:
>
> Under direction, to receive and handle petitions presented by members of the House of Commons; to read and revise petitions in accordance with the rules; to bring to the attention of the Speaker such petitions as do not comply with the rules and to point out their defects.

I respectfully submit that Mr. Todd only pointed out in his report to the House and to the Speaker the defects contained in this petition.

The standard authority in this House is Bourinot, who for half a century almost was our guide at the Clerk's table. He left before he died to the officials of this House his directions regarding the powers and privileges of the Houses of Parliament as respects their officers, clerks and servants, in which he says:

> The Houses cannot part with any of these privileges, immunities and powers, necessary for the conduct of business, their existence and their dignity, except by statute expressly conveying and delegating their powers, immunities and privileges to others. For instance, in the trial of controverted elections, the Commons parted with their jurisdiction previously exercised by committees of their own, and handed it over to judges in express terms.

I quote this simply to remind the House that Mr. Todd, who for a long period was associated with his immediate chief, Sir John Bourinot, could not ignore the principles and precedents laid down by the late Clerk. Some

of those principles are to be found in a concrete form in section 91 of the Controverted Elections Act. But as I said a moment ago, I am not passing on the merits of the case at all. This is a temple of free speech and of free thought in matters affecting parliamentary procedure. There is a motion to reject that report and it is within the right of the House to accept or reject it. I simply wish to present these considerations in justice to Mr. Todd and to point out that he did his duty, and only his duty, by reporting respectfully to the House his candid and honest opinion in regard to the petition.

Hon. ERNEST LAPOINTE (Minister of Justice): Do I understand, Mr. Speaker, that the petition is not before the House, or at least has not been received by it and will not be until a motion is made to that effect?

Mr. SPEAKER: The petition is not received. The petition is laid on the table. The report was tabled yesterday and is printed to-day. It is now open to the House to take action with respect to it. I understand the Clerk received a motion last night to the effect that the report of the examiner on the petition should be rejected. I do not pretend to cite exactly the contents of that motion.

Mr. LAPOINTE: I think the motion is that the petition be received notwithstanding the report.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I rise only because of a reference in your judgment, Mr. Speaker, to the probability of my moving to-day the motion of which I gave notice yesterday. That was not my purpose. Indeed, I have no right to do so seeing that forty-eight hours' notice is necessary.

PACIFIC CABLE BOARD

Hon. Mr. LAPOINTE: I desire to lay on the table of the House a return moved for by Sir George Perley containing all the documents concerning the Pacific Cable Board.

RED LAKE AND NORTHWESTERN RAILWAY COMPANY

BILL REFERRED BACK TO THE COMMITTEE ON RAILWAYS

Hon. R. J. MANION (Fort William): Mr. Speaker, I wish to make a motion dealing with a private railway bill. May I just explain before I make the motion to refer this bill back to the select standing committee on Railways and Canals, that it is Bill No. 95, to incorporate the Red Lake and Northwestern Railway Company. It came before the House some time ago and was sent to the Railway committee. When it came before that committee I was present so that if there appears to be—although there is not meant to be—any criticism in my words of the Railway committee, the criticism is as much of myself as of any other member of the committee. The bill has reference to a railway in northwestern Ontario, the section from which I come. I had never heard of the measure until it came before the committee and—I say this without disrespect to the committee in any way—we dealt with it rather briefly. I should like now, if the House will permit me, to make a motion referring the bill back to the committee. I have taken the matter up with some of the officers of the House and I am told that I am in order in doing so. The only thing I ask is that the bill be sent back to the committee. What becomes of it then is a matter for the committee to deal with; I am in no way concerned except in so far as it deals with a section of the country in which I am naturally interested. I therefore move, second by Mr. Lapierre, the hon. member for Nipissing:

That Bill No. 95, an act to incorporate the Red Lake and Northwestern Railway Company, be referred back to the select standing committee on Railways, Canals and Telegraph Lines for reconsideration.

Speaking for a moment to the resolution, I wish to say that all I ask is that the committee have power to deal with the question again, because I am informed by those who are promoting the measure that they have information to give the committee at the present time which they did not give, or rather were not permitted to give, when the bill was last before the committee. I ask the House to allow the bill to go back to the Railway committee for them to deal with as they see fit. The section to be traversed by this projected line is a newly discovered mining district. It will probably mean great development for northwestern Ontario, and if the promoters of the enterprise can prove to the committee that this is a bona fide application for a charter with the intention of going on with the railway, and that they have the necessary financial support for the purpose of building this railway where no railway exists, it seems to me that the committee might well reconsider it. I am informed that the National Railways have no objection in any shape or form to this charter being given, but that is for the committee finally to deal with. I hope the House will permit this bill to go back to the committee for reconsideration.

Mr. SPEAKER: The hon. gentleman is within the rules in presenting his motion. Is it the pleasure of the House to adopt the motion?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Carried.

Mr. SPEAKER: Shall I say carried? Carried.

Mr. LAPOINTE: On division.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

COST OF CARRYING MAILS BY RAILWAYS

Mr. DOUCET:

1. What was the total amount paid to the Canadian Pacific Railway Company for the carrying of mail matter in 1923, 1924, 1925, respectively?
2. What was the total amount paid to the National Railways for the carrying of mail matter in 1923, 1924, 1925, respectively?
3. What is the total mileage of the Canadian Pacific railway in Canada?
4. What is the total mileage of the National railways in Canada?

Hon. Mr. LAPOINTE:

1.

Fiscal year	
1923-24	$3,657,873 22
1924-25	3,619,511 66
1925-26	3,642,236 64

2.

Fiscal year	
1923-24	$3,166,138 06
1924-25	3,195,404 51
1925-26	3,156,174 71

3. 13,542 miles in 1925.
4. 20,782 miles in 1925.

IRON AND STEEL INDUSTRY ON PACIFIC COAST

Hon. Mr. STEVENS:

1. Has the government had under consideration for the past three or four years a proposal to subsidize an iron and steel industry on the Pacific coast?
2. Did the government authorize counsel to draft a general act to be entitled "Resources and Industries Development Act"?
3. If so, is it the intention of the government to introduce the said act this Session?
4. Is it the intention of the government to give effect to a pledge dated September 25th, 1925, and made to Mr. R. G. McPherson, of Vancouver, over the signature of the Minister of Public Works, Hon. Dr. J. H. King, reading:—

"Now, however, we feel confident of being returned to power with a working majority, and immediately we are so returned, or if returned as the largest group, we shall bring the Resources and Development Act before the House, and under this act, the British Columbia iron project will receive assistance to an amount not to exceed $4,000,000, or an amount equal to the actual one-third of the proposed installation of iron and steel works."

Hon. Mr. KING:

1. Yes.
2. No, but representatives of the company did present a drafted act.
3. No.
4. No such statement was made by the minister who, however, did advise Mr. McPherson as follows:

Now however we feel confident of being returned to power with a working majority and immediately we are so returned, or if returned as the largest group, we shall bring the Resources and Development Act before the government and under this act the British Columbia iron project if acceptable will receive assistance to an amount not to exceed four million dollars or an amount equal to the actual one third cost of the proposed installation of iron and steel works.

LOUISEVILLE POST OFFICE—CARETAKER

Mr. DOUCET:

1. Has Mr. Victor Héroux been appointed permanent caretaker for the post office at Louiseville?
2. Is the government aware that the above person was born on April 2, 1864, and is more than 62 years old and therefore too old to enter the civil service?
3. Has the Department of Public Works or the Civil Service Commission received applications from a number of citizens to fill the vacancy, if so, from how many?
4. Among the applicants were there any returned soldiers?
5. Was there a person by the name of Freddy Régnier who claimed to have served three years in the war?
6. Did this returned soldier by the name of Régnier produce certificates of recommendation for the position? If so, from whom?
7. Did the Department of Public Works and the Civil Service Commission receive protests against the report of the official, Mr. Gingras, of the Department of Public Works, charging said official of having been influenced and of having made a false report after his examination of applicants for said position?
8. If so, by whom was said charge made?
9. Did the department receive a request bearing 143 signatures from the citizens of Louiseville protesting against the appointment of Héroux and asking for the appointment of a returned soldier?

Hon. Mr. LAPOINTE:

1. Yes.
2. Applicant gave his age as sixty-one.
3. Applications were received from nine residents of Louiseville and two outsiders.
4. Yes, two.
5. Yes.
6. Yes, Hon. Dr. H. S. Beland; Senator J. H. Legris; Lt.-Col. H. Chasse, A. A. and Q.M.G., M.D. No. 4, late O.C. of the Royal 22nd Regiment; Canon L. A. Dusablon, P.P.; Dr. J. J. A. Legris; Auguste Desrosiers; Napoleon Chevalier and Omer Rinfret.
7. Yes.
8. Senator J. H. Legris.
9. No.

HALIFAX HARBOUR IMPROVEMENTS

Mr. SPENCE (Maple Creek):

How much money has been spent by the Dominion government since 1911 on the harbour improvements at the port of Halifax?

Hon. Mr. KING (Kootenay):

Department of Public Works—

$1,693,772.33 including Halifax graving dock which was eventually sold to the Halifax Shipyards Ltd., for the sum of $1,250,000, payable by annual instalments.

Department of Railways and Canals—

From 1911 to March 31, 1926, there has been spent by this department on harbour terminals at the port of Halifax $17,354,903.29.

TORONTO VIADUCT AND TERMINALS

Mr. SPENCE (Maple Creek):

1. How much money has been expended by the Dominion government and the Canadian National Railways on the Toronto viaduct scheme and the Toronto union terminals?

2. What further amounts will be required?

Hon. Mr. LAPOINTE:

Department of Public Works—

1. No expenditure made on the Toronto viaduct scheme and the Toronto union terminals but this department constructed postal station "A" which forms the eastern wing of the new Union station, at a cost of $1,708,278.25.

Note—In addition to the above expenditure for construction of building now completed, there is an annual charge of $17,000 for rent of site and a varying sum of about $6,000 per year for municipal taxes on same.

2. No information.

Department of Railways and Canals—

1. The amount expended by the Canadian National Railways is $4,458,500, which includes the Canadian National Railways' proportion of the new station.

2. Chapter 70, 1924 and chapter 28, 1925, authorized the expenditure of $10,577,500 of which $4,458,500 has been expended to date.

TRANSLATION OF DEBATES

Mr. POULIOT:

What is the name of the translator who translated page 3710 of Hansard May 20, 1926?

Mr. SPEAKER: I am informed that the translators in question are Messrs. Chevassu and Fauteux.

FITZROY HARBOUR—QUYON FERRY SERVICE

Mr. GARLAND (Carleton):

1. Were tenders asked for the contract for ferry service between Fitzroy Harbour, Ontario, and Quyon, Quebec?

2. If so, what are the names of those who submitted tenders and the amounts of their respective tenders?

3. Who was awarded the contract, and was it the lowest tender?

4. If not the lowest tender, why was the award so made?

Hon. Mr. KING:

1. Yes.

2. (1) James Amm and J. L. Amm, $200 per annum; (2) J. A. McLean, $50 per annum; (3) H. Owens, $40 per annum.

3 and 4. No license has been granted. Tenders are still under consideration.

UNOPPOSED MOTION FOR PAPERS

CARDSTON INDIAN RESERVE—AGENT FAUNT

Mr. DAVIS:

For a copy of all letters, telegrams, correspondence and other documents exchanged between the department and any persons whomsoever, with regard to the suspension of Indian Agent Faunt of the Blood Indian reserve at Cardston. Also a copy of the report sent to the department by Inspector Christensen of Regina in this connection.

Hon. Mr. STEWART: If the words "the suspension of" in the third line are deleted, I am quite willing that the motion should pass. I ask for the omission of the words referred to for the reason that the agent was never suspended.

Motion as amended agreed to.

TORONTO HARBOUR IMPROVEMENTS

Mr. CHURCH:

For a copy of all telegrams, letters, correspondence and other documents passing during the year 1926, between any person or persons addressed to the government, or to the Prime Minister, or Ministers of Public Works and Marine and Fisheries, or other ministers, relating to a federal commission re Toronto harbour improvements, or to the appointment of Mr. L. G. McCarthy, K.C., ex-M.P., or others, as special commissioner, and the replies of the government sent thereto. Also a copy of all correspondence from A. A. Mulholland or A. O. Hogg, or others, on the same question; and all correspondence relating to the appointment in 1923 and 1924 of these two persons as representatives of the federal government on the said commission. Also all correspondence relating to the election of a chairman of the commission during 1926, between the government or any member thereof, and any other person or persons.

DISMISSAL OF SYDNEY DES BRISAY

Mr. DOUCET:

For a copy of all correspondence, reports, telegrams, and other documents, in connection with the dismissal of Mr. Sydney Des Brisay, as postmaster at Petit Rocher, Gloucester county, New Brunswick, together with a copy of charges made against said postmaster, evidence taken at the enquiry and report of the investigation.

CANADIAN NATIONAL RAILWAYS

AUTHORITY TO ISSUE SUBSTITUTE SECURITIES

Hon. CHARLES A. DUNNING (Minister of Railways and Canals) moved that the House go into committee at the next sitting of the House to consider the following proposed resolution:

Resolved, that it is expedient to provide for the extension of the provisions of chapter 11 of the statutes of 1918 (relating to guarantee on renewal or postponement of indebtedness of the Canadian Northern Railway system), to the Canadian National Railway Company and to any company referred to in the Canadian National Railway Act, 1919 (1919, c. 13), and in the act relating to the Grand Trunk Railway system (1920, c. 13), and to enable each one of such companies to issue its notes, obligations or other securities, hereinafter called "substituted securities," for the purpose of acquiring, by application of the proceeds thereof, or by exchange therefor, the notes, obligations or other securities or indebtedness of any other or others of such companies, and to authorize the Governor in Council to guarantee the substituted securities.

Mr. SPEAKER: Is the minister making the usual statement as to His Excellency the Governor General recommending the resolution to the favourable consideration of the House?

Mr. DUNNING: It is not necessary, as I understand.

Sir HENRY DRAYTON: Explain.

Mr. DUNNING: This bill is legally necessary, to enable the Canadian National Railway Company to arrange for the issue of securities and their sale, in order to redeem the securities already outstanding in connection with the various constituent companies. Certain facilities already exist in legislation to enable this to be done, but I am informed that they are not legally sufficient to enable the company to deal with the matter. The bill of course will go very much more fully into detail and into safeguarding than the resolution, but that is the objective.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): In case of borrowings heretofore for the purpose of refunding—that is for the purpose of discharging existing debts—were not those debts in nearly every case the debts of the constituent companies? Therefore was not the power exercised just the same power asked for here?

Mr. DUNNING: Not exactly. If my right hon. friend will refer to the two authorities which now exist he will see that a break existed. We can discuss this matter very much better when we have the sections of the bill before us. Another point I might mention just now is that the original authority only gave us power on maturity of securities, and not prior to maturity of securities.

[Mr. Doucet.]

Motion agreed to.

NATURAL RESOURCES

BILL AUTHORIZING TRANSFER TO ALBERTA

On the Orders of the Day:

Mr. W. T. LUCAS (Camrose): I desire to draw the attention of the government to an item which appears in to-day's Journal which reads:

Referring to the statement of Hon. Ernest Lapointe in the House of Commons this afternoon, Premier J. E. Brownlee told the Canadian Press that he maintained the same opinion as he had expressed previously.

"The validity of section 17 has nothing to do with the transfer of nautral resources to Alberta," he said. "That was our stand in the House and it is still. If the Dominion government wants to take the matter to the courts they do so at their own responsibility. We do not think that is necessary."

In view of this statement and the fact that the validity of section 17 is a matter entirely for separate consideration, will the government not reconsider its decision and, at an early period during the present session carry out its promise, as embodied in the Speech from the Throne which has been passed by this House, to introduce a bill for the transfer of its natural resources to the province of Alberta?

Hon. ERNEST LAPOINTE (Minister of Justice): I have nothing to add to the statement which I gave to the House yesterday. The question of the validity of section 17 of the act was the cause of any difficulty that had arisen in this matter.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Would the minister be prepared to say what is to be the policy of the government with respect to the resolution on the subject standing on the order paper in the event of the courts declaring the prior legislation valid, and in the event of the courts declaring it invalid.

Mr. LAPOINTE: I have nothing to add to the statement I made yesterday, which I think was complete.

OPPORTUNITIES FOR DISCUSSION

On the Orders of the Day:

Mr. T. L. CHURCH (Toronto Northwest): In view of the paragraph which the hon. member (Mr. Lucas) has just read, as to the validity of section 17 may I ask a question—

Mr. SPEAKER: The matter has already come up this afternoon on a question of privilege.

Mr. CHURCH: I intended to refer to Hon. Mr. Brownlee's reported statement. There are questions of policy and of law involved in the matter. The question of law was referred to yesterday in the statement of the Minister of Justice, although it was dealt with and settled by parliament in 1905. The policy was amended in the King's Speech at the opening of parliament, and I would like to ask if an opportunity will be given to discuss this policy, as I desire next week to bring it up on the motion to go into supply.

CORRESPONDENCE TABLED

On the Orders of the Day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I lay on the table of the House a copy of the correspondence between the government of Canada and the government of Alberta with reference to subsection (a) of section 2 of the Alberta Natural Resources bill.

Mr. MEIGHEN: I presume this is as promised yesterday—or intended to be?

Mr. MACKENZIE KING: Yes.

Mr. MEIGHEN: I asked for the entire correspondence with the government of Alberta with respect to the whole bill, not just as respects one section.

Mr. MACKENZIE KING: I understood the right hon. gentleman had reference to that one section—

Mr. MEIGHEN: Yes I had reference to that, but I think I made it general.

Mr. MACKENZIE KING: I shall be glad to secure the remainder.

CANADIAN NATIONAL RAILWAYS

WESTON-WOODBRIDGE SERVICE

On the Orders of the Day:

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): A few days ago I was asked by the hon. member for North York (Mr. Lennox) regarding the Weston-Woodbridge line of the Canadian National Railways. I am now advised that the line is being lifted on account of a very large loss in operation running as high as $1,500 a mile; that all the proceedings taken have been regular with regard to it; but that in consequence of representations received to the effect that there might be a purchaser, the actual work of dismantling the line has been discontinued for thirty days in order to give prospective purchasers an opportunity if they so desire to put in an offer for the line.

QUEBEC FORTIFICATIONS

On the Orders of the Day:

Mr. C. G. POWER (Quebec-South): With reference to resolution No. 17 standing in my name on the order paper with regard to the ancient walls and fortifications of the city of Quebec, with the consent of the House I would ask that this resolution be dropped because there is no likelihood of its being reached this session and because I intend to discuss it at some length when the estimates are before the House.

Mr. SPEAKER: Of course this can be done only by unanimous leave of the House and I suppose it is granted. Is it the pleasure of the House that the hon. gentleman shall have leave to withdraw the resolution standing in his name?

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Just so that I shall not misunderstand for the future, I understood you, Sir, to rule that the hon. member for Quebec South could not withdraw his resolution except by unanimous consent?

Mr. SPEAKER: By leave of the House.

Mr. MEIGHEN: I understood the rule to be that a motion was entirely within the power of the mover until such time as it was addressed to the House from the Chair when it became the property of the House and that prior to that time he could withdraw it of his own volition.

Mr. SPEAKER: The rule is that the order under which the motion stands should be called. I forget if I called it, but I took it for granted that nobody would object to an hon. member dropping a motion standing in his name. I asked for the unanimous leave of the House and I understood it to be given. Strictly speaking, I should have called the notice of motion standing in the hon. members's name. I am ready to review my interpretation of the rule.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think the point the leader of the opposition is making is that it is open to any hon. member who has a resolution standing in his name to withdraw it at any time of his own volition without asking the consent of the House.

Mr. MEIGHEN: Until it is addressed to the House from the Chair when it becomes the property of the House.

Mr. POWER: The question is not one of the rule, but of an hon. member being polite to his fellow members.

Motion dropped.

GEORGIAN BAY CANAL COMPANY

On the Orders of the Day:

Sir HENRY DRAYTON (West York): I desire to ask the leader of the House whether he will table the files relating to the Georgian Bay Canal Company. I have particular reference to the files containing later correspondence and applications for the approval of plans.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am not sure that I am fully aware of what my hon. friend wants. Undoubtedly the correspondence will be in other departments than those over which I have control and I wish to confer with the ministers first. I will give my hon. friend an answer to-morrow.

Sir HENRY DRAYTON: The only reason I referred the matter to my right hon. friend was that we learned before that the correspondence was in several departments and I thought we might reach them all through him.

COLD LAKE FOREST FIRE

On the Orders of the Day:

Mr. H. E. SPENCER (Battle River): I wish to draw the attention of the government to question No. 1 on the order paper in relation to a forest fire near Cold Lake, Alberta, in October, 1925. I put this question on the order paper more than four weeks ago and I am at a loss to understand why an answer has not been given. I shall be glad if an answer can be given at an early date.

Hon. CHARLES STEWART (Minister of the Interior): The difficulty is that we have to send to the forest rangers in the Cold Lake district for reports. We have not received a report yet from the resident ranger in that territory, but as soon as we receive it I shall be glad to answer my hon. friend's question.

PRIVILEGE

STATEMENT BY MR. HEENAN

On the Orders of the Day:

Mr. PETER HEENAN (Kenora-Rainy River): On a question of privilege I want to draw the attention of the House to an editorial in the Toronto Star of yesterday's date. This editorial misconstrues my statement made in this House in my speech on the 11th May. It is headed "The Heenan-Robertson dispute" and reads:

> The recent dispute between Peter Heenan, M.P. for Kenora and Rainy River, and Senator Gideon Robertson as to certain features of the general strike in Winnipeg in 1919 shows both parties to have faulty memories, although they were in the Manitoban capital at the time.
>
> Mr. Heenan was inaccurate in charging that the senator, as Minister of Labour, ordered into Winnipeg troops who fired on a crowd with fatal results. The only volleying that took place was by the North West Mounted Police, forty-nine of whom were regularly stationed in the city.
>
> Senator Robertson, on the other hand, was wrong in his statement that the only man shot was a foreigner who persisted in throwing a missile after being warned by policemen. The red-coated "mounties", after charging the mob several times, using clubs upon the scattering rioters, took up position in front of the city hall and on the word of command fired a volley with their revolvers. The Canadian Annual Review, in its report of the occurrenc, stated that one rioter was killed and that there were thirty-three other casualities, of which sixteen were mounted policemen.

This is not fair to me because I did not charge that the senator as Minister of Labour ordered troops into Winnipeg. What I said is this and it will be found on page 3286 of Hansard:

> All that was necessary in the Winnipeg trouble was that the Minister of Labour, who was on the job, should have used a little horse sense, and there would have been no blood shed. But instead of that, they chose to have the troops sent in. . . . . I say the government is entirely responsible for that

I want to repeat that statement. I have nothing to retract and I am now ready to prove that my statement is correct in its entirety. I intended to do this some time during the session, but if I have the unanimous consent of the House, I would prefer to do it now.

Mr. SPEAKER: The hon. gentleman has stated the question of privilege. Bourinot at page 303 says:

> In the Canadian House, questions of privilege take a wide range, but it may be stated in general terms that they refer to all matters affecting the rights and immunities of the House collectively, or to the position and conduct of members in their representative character. In this category may be placed: motions touching the seat or election of members; reflections or libels in books and newspapers on the House or members thereof—

And so on. The hon. gentleman has stated his case; he has denied the accusation brought against him in another place than this building, and I consider that the incident is closed.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I may add that it will be very unfair to have the hon. member go into the matter, because if he seeks to estab-

lish what he said he will be absolutely wrong and I desire on that ground to take issue with him because I know the facts myself.

Mr. HEENAN: In view of the statement just made—

Some hon. MEMBERS: Order.

Mr. HEENAN: I am rising to a question of privilege.

Some hon. MEMBERS: Order.

Mr. HEENAN: I know it is against the rules to refer to any gentleman in the Senate, but now that the leader of the opposition (Mr. Meighen) has contradicted my statement, surely it is only fair, both to himself and to his colleague in the other House as well as to myself, that I should be given an opportunity to state my case.

Mr. MEIGHEN: At the proper time.

Mr. HEENAN: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. HEENAN: If there are any hon. gentlemen opposite who have any objections to my proceeding, they do not want to hear the truth.

Some hon. MEMBERS: Order.

Mr. CAHAN: I rise to a point of order. There is a proper time for the hon. member to make his statement, and that time is not now. Under the rules of the House he is not in order.

Mr. SPEAKER: I would advise the hon. member to let the matter stand as it is. He has made his statement on a question of privilege and has given his explanation. Now objection is taken by another hon. member to that statement. The hon. member objecting thinks he is in the right and the other in the wrong, and I do not see what interest the House can have in amplifying the debate.

Mr. HEENAN: Before we get through the House will have to listen to the discussion of this question. It is bound to come up anyhow. Why not therefore thresh it out now?

Some hon. MEMBERS: Order.

Mr. HEENAN: I intend to take it up in any case and I will do so. Why not discuss it now?

Mr. SPEAKER: The hon. member may avail himself of many opportunities to debate the question, which apparently is controverted, at least in essence. On this occasion he has made his statement on a question of privilege and—

Mr. HEENAN: Now I want to prove it.

Some hon. MEMBERS: Order.

Mr. SPEAKER: —it is not permissible on the orders of the day that a debate should ensue on a question of privilege.

IMMIGRATION ACT AMENDMENT

The House resumed from May 28 consideration in committee of Bill No. 91, to amend the Immigration Act—Hon. Mr. Stewart (Edmonton)—Mr. Duff in the chair.

Hon. CHARLES STEWART (Edmonton, Minister of the Interior): When the bill was before the committee some days ago a question was raised as to the propriety of the proceedings in view of a mistake having been made in the single amendment comprising the reprinted bill. I promised to take the matter up with counsel, and I have ascertained from the Clerk of the House that the committee is in order in discussing the bill without reintroducing it inasmuch as the principle remains unchanged. All that has been altered is the wording of the amendment. My hon. friend (Mr. Boys) raised a question regarding the persons who are required to send in the report. We are seeking to amend section 41 of the Immigration Act which provides that upon certain offences being committed by aliens the board appointed by the minister for the hearing of such cases shall have authority, if necessary, to deport without trial before a court. We are now changing that regulation to provide for trial before the court; and upon conviction the immigration authorities shall undertake the deportation of the convicted persons. I think the hon. member for Leeds (Mr. Stewart) wanted to know whether the offences remained. They do. I think I have answered all the points raised in the discussion.

Mr. STEWART (Leeds): Is there any change made to meet the point raised by the hon. member for Simcoe?

Mr. STEWART (Edmonton): No; we have not altered the provisions as to who shall report. The old practice has been satisfactory and we are letting the same parties report to the immigration authorities for the purpose of deportation.

Mr. BOYS: When the bill was last before the committee I pointed out that under the former section it was not a question of conviction but of complaint, which is a different thing. In the case of a conviction the proper person to send in notification is the magistrate presiding or some other judicial

officer, perhaps a county court judge. I do not see why three men should be required to submit the report.

Mr. STEWART (Edmonton): In the majority of these cases the municipality is the most interested party, and I see no harm in allowing the clerk of the municipality to report.

Mr. BOYS: Confine it to the clerk of the municipality, then. I do not object to his sending in the report, but the point is that one person and not three should be charged with this duty. I want to impress upon the minister that under the former section there is no question of conviction, whereas here the only occasion for notification arises when there is an actual conviction. Surely the proper person to send in that notification would be either the clerk of the court or the magistrate or other judicial officer convicting.

Mr. MEIGHEN: I want to make one comment on the wording of the bill. The word "complaint" is hardly appropriate; it should be "report." Why should an officer of the department complain because someone was convicted? He should rather be glad. He has simply to report the facts. The next observation I make has reference to the explanatory note, in which I find the following words under (b):

To remove the discrimination against the British born as it stands in the existing section, by recognizing his Canadian citizenship as in the case of the alien born who has been naturalized in Canada.

I do not know who is responsible for that wording, but it is a most unfair and incorrect description of the law as it stands.

Mr. STEWART (Edmonton): The discrimination was removed two years ago, I think.

Mr. MEIGHEN: It never was there to be removed. There never was any discrimination. I am not objecting to the clause being repealed. If I remember rightly a bill to repeal it was introduced by the late government in its last session—but failed in the Senate—on the ground merely that the circumstances which gave rise to the legislation and justified it no longer existed and that there was no need of keeping people in apprehension and unnecessary worry. But to assert that there was in it discrimination against the British born is pure nonsense; there was nothing of the sort. The act provided that anybody coming to Canada—whether he was British-born or not did not matter—of the type and character described therein was subject to deportation. That is to say, the discrimination in favour of the British-born which theretofore existed was removed as regards this class of people. If, for example, somebody came from France or from Italy of the type described in the act, he was subject to deportation upon inquiry before a board and proof that such was his character; but if a fellow came from somewhere in Scotland or England and was of just the same type, and was just the same menace to the country, there was no way of getting rid of him except by the formality of a trial. Under the circumstances of those times you could not do that. The minister, if he will take his mind back to those days, will recall that there was justification for this act. We did not impose any special discrimination against the British-born immigrant at all; we removed something which was in his favour for the time being. I do not know that such a person would have very much to complain of if that enactment were allowed to stand. I do not know why an anarchist coming from Britain should be better treated than if he came from some other country. We ought to treat them all alike and give them all the same chance. But we do not want to encourage immigrants who believe in overthrowing government by force. For my part I would treat them all alike, whether British-born or natives of any other country. However, I do not think we are likely to get any of this type now, and I am not objecting to the repeal of the act.

Mr. STEWART (Edmonton): The section does not discriminate.

Mr. MEIGHEN: But the explanatory note would make it appear so.

Mr. STEWART (Edmonton): Yes.

Mr. EDWARDS (Frontenac): Section 41 says that it shall be the duty of any officer:

forthwith to send a written complaint to the minister, giving full particulars.

I presume that after conviction and the receipt of a written report it is optional with the minister to order deportation of the convicted person; or does conviction settle his deportation?

Mr. STEWART (Edmonton): I think the same system would prevail as, for instance, under the Narcotic Drug Act.

4 p.m. Where an alien is convicted of an offence under that act we are notified and are required to have an officer on hand to deport the convicted person as soon as he has served his term.

Sir HENRY DRAYTON: That is only in connection with certain offences under the Narcotic Drug Act.

Mr. STEWART (Edmonton): Yes, but that procedure will apply generally if the conviction specifically provides for deportation of the convicted person.

Mr. EDWARDS (Frontenac): That is just the point. Where an alien is convicted of any of the offences enumerated in the explanatory note, does the fact of his conviction involve his deportation; or is it optional with the minister after receipt of the report to order deportation?

Mr. STEWART (Edmonton): It is not obligatory on the part of the minister in every case, for the reason that under the act as it stands the board passes upon the case, and they may or may not order deportation; but where we think the offence is so serious that the court would register a conviction, we would order deportation. I cannot conceive of any such case where we would not exercise our right of deportation, because the convicted person would certainly be an undesirable citizen. Of course, if it could be proven that he had been wrongfully convicted the case would be different.

Sir HENRY DRAYTON: I think the minister is right in not hazarding a statement that the department would have to act. As a matter of fact it would not have to act. All he is doing now is to substitute a conviction for the former initial proceedings which gave the department jurisdiction to order deportation. It seems to be entirely a matter of departmental regulation or ministerial responsibility as to whether there would be deportation. I would not suggest that the bill be delayed now, but I think the government might well have their representative in the Senate suggest that authority be given to judges to deal with deportation. Some high court judges have spoken to me about it, as I have no doubt they have to the Minister of Justice, and suggested that in certain crimes, instead of imposing sentence of imprisonment, they should have the right to order deportation, to be carried out under the rules and regulations of the department. In this way they think that the Canadian standard of citizenship could be very much better maintained and alien criminals more effectively controlled. It seems to me the government have started the movement in making this provision as to conviction. The logical thing to do now is to give the presiding judge the right to order or recommend deportation.

Mr. HEAPS: Have not the judges the right now to recommend deportation?

Sir HENRY DRAYTON: Only under the Narcotic Drug Act I think, but I confess I am not sure about it.

Mr. STEWART (Edmonton): My hon. friend desires that the judge be given authority to deport rather than convict an alien?

Sir HENRY DRAYTON: The first step is a conviction. After that if it is a proper case for deportation why should the country be put to the expense of maintaining the criminal here? Why should there not be an immediate deportation, and why should he not direct and find accordingly? The Minister of Justice is now in. He might talk this over with his law officers and see what can be done. There is just one other thing. I think the minister ought to state, and if there is any doubt about it the Minister of Justice himself ought to state, in order that we may have at least a fair criticism of existing laws, that section (b) of the explanatory notes is entirely wrong. There is no discrimination at all, and whoever was responsible for the drafting of that note has drawn something that is absolutely incorrect.

Mr. STEWART (Edmonton): The difficulty is that these explanatory notes are put in after the bill is sent to the House. I think the attention of the law officers has been directed to the matter sufficiently by the remarks of the right hon. leader of the opposition and the hon. member for West York to make any necessary correction.

Sir HENRY DRAYTON: If my hon. friend says he agrees, there is an end to it.

Mr. STEWART (Edmonton): I have an amendment to make. I move to substitute the word "report" for the word "complaint" which appears in the last line but one of the bill.

Amendment agreed to.

Mr. BURY: There is just one matter that has come to my notice which perhaps the minister may be able to settle. On the last occasion this bill was before the committee, I asked whether the offences in section 41 of the act of 1919, which is set out in the explanatory note, were covered by the new and shorter repealing section, and the minister said yes. That is satisfactory, but I notice now that there is a bill coming up, Bill No. 153, to amend the Criminal Code.

Mr. STEWART (Edmonton): May I just point out to my hon. friend that all the offences mentioned in this section that we

are repealing will come up under the Criminal Code amendment, and will be dealt with under the Criminal Code, not under the Immigration Act.

Mr. BURY: That is not the point. I understand that we are here merely substituting a new section for the present section in the Immigration Act of 1919, defining the causes of deportation by references to the offences in part 2 of the Criminal Code. Then I asked, will that make any difference in the offences for which deportation will lie under the new amendment? The minister said no. I would be quite satisfied with his statement, but I want this to be considered: There is a bill coming up to amend the Criminal Code. It deals specifically with part II of the Criminal Code, and according to Hansard, it deals with the section that has to do with unlawful assemblies, and what I should like the minister to be sure of is that while now all the offences under the present section are covered by part II of the Criminal Code, they will be covered by part II of the Criminal Code after the amendment proposed to be made by bill No. 153 has been made. In other words, will the amendment to bill No. 153 cancel any of these offences?

Mr. STEWART (Edmonton): That is not my understanding.

Mr. BURY: I do not know whether I have made my point plain. We have the assurance of the minister that today part II of the Criminal Code covers all these offences for which deportation now lies.

Mr. STEWART (Edmonton): Just at that point, my hon. friend is speaking of the Criminal Code as it exists now. I am not sure as to that, but when the amendment is made these offences will be covered.

Mr. BURY: Oh no, that will not do, because when the amendment to the Criminal Code comes up this act will have been passed, I take it. I would like to know before we pass this bill whether the amendment to be made to bill No. 153, which is not yet before the House at all—we have not even seen a copy of it—

Mr. STEWART (Edmonton): I can assure my hon. friend that these two bills were harmonized by the two departments.

Mr. BURY: So long as I have the minister's assurance on that point.

Mr. STEWART (Edmonton): There has been some delay on that account, but the two bills will harmonize so that we shall be able to take action under the amended Criminal Code.

Mr. BURY: Can the minister assure us that bill No. 153, when it is passed, will not cut out some of the offences that are now deportation offences under the Immigration Act?

Mr. STEWART (Edmonton): I am informed that they are all covered.

Mr. BURY: Even after the amendment?

Mr. STEWART (Edmonton): Yes.

Mr. BURY: That is all I want.

Mr. SUTHERLAND (South Oxford): The explanation given by the minister with regard to the bills referred to by the hon. member for East Edmonton brings up a question that arose early in the session. The minister, when asked the other night as to who was pressing for this legislation, intimated that it originated with his department. Now there is a relationship between the bills referred to by the hon. member for East Edmonton—the Immigration Act, the Criminal Code amendment, and the Naturalization Act. It is also quite apparent that early in the session a good deal of pressure was being brought to bear on the government to exact promises from them with regard to certain legislation. It also happened that these are mentioned in connection with a letter which was placed upon the records of parliament by the hon. member for Winnipeg North Centre (Mr. Woodsworth), a letter from the Prime Minister, which has been referred to as a supplement to the Address which was presented at the opening of parliament. It was somewhat significant that this letter was demanded by certain members of this House, and the Prime Minister took the unusual course, after having had an interview with those parties, of writing a letter to have it placed on Hansard immediately before the vote was taken in this House on the Address. These amendments that are now coming up are the fulfilment of the promises which were contained in that letter, over the signature of the Prime Minister, addressed to the hon. member for Winnipeg North Centre. These amendments are coming up piecemeal, to one bill after another, and as the hon. member for East Edmonton (Mr. Bury) has pointed out, there is a direct relationship and bearing between these three bills. Reference was made to this early in the session in connection with the alleged bargaining which was going on between the government and certain groups in this House, but that was ruled out of

order by the chairman. To-day we are witnessing the attempt to deliver the goods in connection with the promises which were contained in a letter from the Prime Minister, addressed to the leader of a certain group in this House. I think it would be well to have a thorough understanding with regard to the relationship of these three bills, one to the other, before this bill is allowed to pass.

Mr. MACKENZIE KING: I must thank my hon. friend for bringing up this matter. A good deal of discussion, as he says, took place upon it when I was not present in the House and had not an opportunity of being heard. May I just say to him at once that if he makes the statement that any letter of the kind was demanded, he unconsciously or consciously makes a statement which is not correct; it is not true. There was no demand made upon me, there was no demand made upon the government for any letter whatever.

My hon. friend goes on to say that this legislation is part of a bargain between the government and certain members of this House. I want to take direct issue with him, and tell him that it was in no particular a bargain. There was no bargain whatever of any kind, and when he makes that statement he makes a statement that is incorrect and untrue.

Mr. MANION: I rise to a point of order. I do not think the Prime Minister has any right to used the word "untrue" in regard to a statement made by any member of this House.

Mr. MACKENZIE KING: I am saying the statement is untrue. I do not say the hon. member is consciously making an untrue statement but that the statement itself is untrue and in saying that I am well within the rules of the House.

Mr. MANION: I ask for your ruling, Mr. Chairman, as to whether the Prime Minister has the right to say that a statement made by any member of this House is untrue.

Mr. MACKENZIE KING: Whether made by any person in this House or outside of it. I am not saying the hon. member has made a statement which he believes and knows to be untrue. What I am saying is that any person in any part of this Dominion who declares that any bargain was made between the government and the hon. members for Winnipeg North Centre (Mr. Woodsworth) and North Winnipeg (Mr. Heaps) with respect to legislation now before the House is stating something that is absolutely untrue.

Mr. MANION: Mr. Chairman, I ask for your ruling in regard to that point. May I speak to the point of order? I know that again and again in this House the ruling has been given by Mr. Speaker that one hon. member cannot say of another hon. member that he made a statement which is false. I know that I have been called down for that myself. I ask your ruling, Mr. Chairman, on this point.

Mr. MACKENZIE KING: There is a great difference, as I think my hon. friend recognizes, between saying that a certain statement is untrue and deliberately charging a member with making a false statement. I was very careful to say that the hon. member might, quite unconsciously, be making a statement which was untrue. I do not wish to reflect on the hon. member at all but I will say this: If any person hereafter makes that statement, in view of the denial of it which I am making at the present time he will be stating that which is untrue; I cannot put the case any plainer. The hon. members from Winnipeg are occupying their seats at this moment. They know whether there was any demand made upon me or upon the government for this legislation or for any letter or communication in regard to the same. They know whether this was part of a bargain or not; and I leave it to them to say whether or not I state the truth when I assert that the legislation we are considering now is legislation that has been two or three times before the House in previous sessions and that when I was asked in the early part of the session whether this legislation would be included in any legislation contemplated by the government I made it quite clear that the government did intend to re-introduce certain legislation which had been previously before the House.

Mr. MANION: I should like your ruling on the point of order, Mr. Chairman.

The CHAIRMAN: The point of order raised by the hon. member for Fort William is that the Prime Minister should not say that the statement made by the hon. member—

Mr. SUTHERLAND (South Oxford): Before you give your ruling, Mr. Chairman, I merely ask the Prime Minister if he was speaking on the point of order raised by the hon. member for Fort William. Because I should like to say something before you give your decision, and if permitted I will refer to the letter over the Prime Minister's own signature in Hansard of January 29. Possibly he will deny having written the letter. The state-

ment was made by the hon. member for Winnipeg North Centre that when they came to this parliament at the opening of the session a letter—

The CHAIRMAN: The hon. gentleman is not speaking to the point of order by reading a letter of the Prime Minister.

Mr. SUTHERLAND (South Oxford): My contention is, Mr. Chairman, that every statement I have made is borne out by the records of this House.

The CHAIRMAN: The hon. member for Fort William raises the point of order that the Prime Minister has declared that the statement made by the hon. member for South Oxford is untrue. I rule that the Prime Minister was quite in order in his declaration—

Some hon. MEMBERS: Oh, oh.

The CHAIRMAN: —as there was in it no personal reflection on the honour of the hon. member for South Oxford.

Mr. MACKENZIE KING: May I go on to say—

Mr. MEIGHEN: Mr. Chairman, I have no objection to that ruling, in fact I think there has been such a ruling before, but I know the very opposite has been held against us repeatedly this session. I propose to quote your present ruling, Mr. Chairman, if that is ever done again.

Mr. MACKENZIE KING: Perhaps I may continue with what I was saying.

The CHAIRMAN: Before the Prime Minister proceeds I may say that I am only responsible for my own ruling, I am not responsible for the ruling of any other occupant of the chair.

Mr. MEIGHEN: I think we had better have some uniformity of ruling here. On account of the rulings which have been given by Mr. Speaker in this matter, and in order to get that uniformity, I appeal, Mr. Chairman, from your ruling.

The Speaker having resumed the chair the question was put as follows:

In the course of the debate on Bill No. 91, the Prime Minister said that a certain statement made by the member for Oxford South was untrue. A point of order was raised on the ground that the word "untrue" was unparliamentary. The Prime Minister replied that the word applied to the statement made by the member for Oxford South and not to the honourable member himself.

The Chairman ruled that in the circumstance the expression was not unparliamentary.

From this decision the right hon. member for Portage la Prairie (Mr. Meighen) appealed to the House.

[Mr. D. Sutherland.]

Mr. MEIGHEN: I think I caught the way this matter was put to you, Mr. Speaker, by the Chairman of committees, and I take exception to it. The question is much more simple than that presented to you in the written statement given by the Chairman of committees. The statement made by the Prime Minister—at least the only statement objected to—was that a certain remark of the hon. member for South Oxford was untrue. A point of order was raised by the hon. member for Fort William that the statement of the Prime Minister was out of order. The Chairman of committees ruled that it was in order from which decision, for the sake of uniformity in the application of the rules of this House, I appealed. The question of circumstance was never raised by the chairman in making his ruling, nor could it be raised. It was the mere statement that the statement of the member for South Oxford was untrue. That and that alone is before the Speaker for decision.

Mr. MACKENZIE KING: In connection with what the right hon. member has just said, I wish to draw attention to this fact: the statement referred to is a statement which relates to myself personally. I am the only one who can say whether or not that statement is true, and I was saying that the statement was untrue. I was in no way seeking to reflect on the hon. member. I took good care to say he might be unware that it was untrue, but I was telling him that it was untrue and that anyone who repeated it would be repeating a statement which was untrue. No one in the House could know whether a statement which relates to a member of this House is true or not, except the member who is directly affected by it.

Mr. SPEAKER: The question is not debatable and the Speaker is bound to accept the memorandum prepared by the Chairman of the committee. I shall read it again for the information of the House—

Mr. MEIGHEN: I rise to a point of order.

Some hon. MEMBERS: Order, order.

Mr. MEIGHEN: The statement was never submitted to the committee before being submitted to the Chair. Surely it is not the rule of this House that whatever the Chairman says is the point of order is really the point of order under review either by the committee or the House. The point of order was as clear as day. The Chairman stated it before the committee clearly, and he puts it in a different way to Mr. Speaker. That was the first I knew of it. He should have put it to the committee.

Mr. SPEAKER: I think I am bound to accept the statement of the Chairman.

Mr. MEIGHEN: Then appeals are useless.

Mr. SPEAKER: The point of order is stated by the party who is to report it to the House, or when appeals are taken from the ruling of the chair, the Chairman states his point. The Chairman stated his point in this way:

In the course of the debate on Bill No. 91 the Prime Minister said that a certain statement made by the member for Oxford South was untrue. A point of order was raised on the ground that the word "untrue" was unparliamentary. The Prime Minister replied that the word applied to the statement made by the member for Oxford South and not to the hon. member himself.

The Chairman ruled that in the circumstance the expression was not unparliamentary. From this decision the right hon. member for Portage la Prairie (Mr. Meighen) appealed to the House.

Mr. MEIGHEN: I speak with some diffidence, because it is some time since there was a precedent, but, I think it is the duty of the Speaker to decide a point of order.

Mr. LAPOINTE: Section 183 of Beauchesne's Parliamentary Rules and Forms reads:

In case of an appeal to the House, it is the duty of the Chairman to leave the chair immediately and report in writing the point of order which he has decided. The Speaker must then submit the matter to the determination of the House in the language reported to him and put the question: "That the decision of the chairman be confirmed." No discussion is allowed on the appeal. Should the Speaker be absent, the Chairman takes the chair of the House and another member takes the chair of the committee for the instant and makes the report of appeal to the acting Speaker who will at once submit the question to the House for its decision.

I submit that even my right hon. friend the leader of the opposition should be amenable to the rules of the House.

Mr. SPEAKER: Might I respectfully call the attention of the right hon. gentleman to what May says under rule 14.

Note that the appeal from the Chairman's decision is to the House and not to the Speaker.

The question is: Shall the ruling of the Chairman be sustained?

The question was decided in the affirmative.

Mr. MACKENZIE KING: May I say again that I had no desire in any words of mine to reflect upon any hon. member of the House, but I do wish to make it perfectly clear that, after what I have said this afternoon, if any hon. member, or any person else in this country repeats that statement he is repeating a statement which he knows to be untrue. I am quite within the rules in saying that. The hon. member has referred to a letter which I gave to the hon. member for Winnipeg North Centre. The reason I gave that letter to the hon. member was not in any way for the purpose of a bargain or an agreement. I was leaving for Prince Albert, to be absent from this city for several weeks, in connection with a by-election which was then pending. I desired that there should be no misunderstanding, either on the part of the hon. member, or on the part of my colleagues in the government, as to the sessional programme as it had been arranged, and in reference to the matters that were of particular interest to my hon. friend I left that letter in the nature of a memorandum. That was the sole object of having any communication of the character between us. I hope I have made clear the circumstances of that communication, and I leave it to my hon. friend for Winnipeg North Centre to say whether in any way he demanded any communication of me, or whether what I am now stating to the House is not absolutely correct—

Mr. SUTHERLAND (South Oxford): Before getting away from the matter referred to by the Prime Minister, he states that the letter was given solely for the purpose of satisfying the hon. member for Winnipeg North Centre and his colleague, as to where the government stood with regard to those matters. The hon. member for Winnipeg North Centre stated in the House that he had an interview with the Prime Minister, the matter had been discussed and these promises had been made. Then why the necessity of a letter of this kind being placed on Hansard just immediately before a vote was taken?

Mr. MACKENZIE KING: I have given the answer. The hon. member knows he may have many conversations and there may thereafter be a question of difference of view and opinion. My desire has been to avoid as much as possible any difference of view or possibility of difference with any hon. member of the House, and as my hon. friend knows I was not in parliament at the time. I was not in a position to stand in my place as I am at the moment and say whether one thing or another was to be done. I had to take some means of protecting myself with respect to my position as leader of the government as to matters to be brought before parliament. I took the means that I have referred to of removing the possibility of doubt as to matters that were to be dealt with at this session. As

I was leaving the city I took steps to leave in the form of a record for my colleagues as well as for the members what was from the very beginning the intention of the government in this matter.

Mr. SUTHERLAND (South Oxford): Perhaps the Prime Minister will give some further information with regard to the statement he has just made. The hon. member for Winnipeg North Centre and his colleague the hon. member for North Winnipeg addressed a letter to the Prime Minister on the 7th January. Apparently three weeks elapsed and it was only after an interview had been had by those gentlemen with the Prime Minister that he made those promises. That statement had been made in the House by the Minister of Justice (Mr. Lapointe) in answer to a question asked by the hon. member for Comox-Alberni (Mr. Neill).

Notwithstanding this, when we had been for about three weeks debating the Address and it was very doubtful as to how certain members were going to vote, the hon. member for Winnipeg North Centre spread on the records of parliament the letter received from the Prime Minister, boasting about the favourable position they were placed in as a result of the government being without a majority in the House and stating that they had forced these promises from the government. I was referring to the statement of the hon. member for Winnipeg North Centre; I did not make the statement, and when the Prime Minister of this country—

Mr. WOODSWORTH: I just rise to say that the statements now being made by the hon. member are not correct. My statements will be found on Hansard.

Mr. SUTHERLAND (South Oxford): I presume in view of the denials which have been made, that with the consent of the House I shall be permitted to refer to Hansard.

The CHAIRMAN: The hon. gentleman cannot refer to a previous debate during this session.

Mr. SUTHERLAND (South Oxford): I am not at all surprised at your ruling, Sir, in view of the ruling that has been given this afternoon and other rulings that have been given in this House during this session.

Mr. LAPOINTE: I rise to a point of order and I demand that the hon. member withdraw those statements.

The CHAIRMAN: I might say to hon. members that I am quite willing to admit that in the new duties which I have assumed I may not know the rules of the House as well as older members do, but I do not think it is fair, especially for older members, to censure me in the way that the hon. member for South Oxford has just done. I resent it and I demand that he withdraw the statement that my ruling was not right.

Mr. SUTHERLAND (South Oxford): Surely a private member in this House has some rights. What I stated was that I was not surprised at the ruling in view of other rulings that had been made in this House on former occasions.

Mr. LAPOINTE: I demand a withdrawal and moreover I will ask the leader of the opposition to take issue with his follower on this—

Some hon. MEMBERS: Order.

Mr. LAPOINTE: Surely he is responsible as well as we are for the dignity of the Chair.

Mr. MEIGHEN: I would be quite prepared to do anything to restore a better feeling in this House, but I want to say very frankly that the first step that should be taken to restore a better feeling would be for the Chairman to report correctly the point of order he was last asked to report.

Mr. CANNON: What about the withdrawal?

Mr. SUTHERLAND (South Oxford): I should like to know how I have transgressed the rules of the House and what words I am asked to withdraw.

Mr. LAPOINTE: The hon. member said that he was not surprised at this ruling owing to previous rulings given by the Chair. If that is not a reflection on the Chair, I do not know what it is.

Mr. SUTHERLAND (South Oxford): Mr. Chairman, if it will please Your Lordship and other members of the House, I will say that I am surprised, very much surprised, at the ruling.

The CHAIRMAN: The hon. member has been asked to withdraw a certain statement he made. I respectfully ask him to withdraw it.

An hon. MEMBER: Withdraw what?

Mr. SUTHERLAND (South Oxford): I am at a loss to understand what I am to do. I first stated that I was not surprised; now I have completely reversed my position and I say that I am surprised. I do not see what I am going to do.

The CHAIRMAN: I rule that both statements are out of order. I consider that they are both reflections, not on me personally, but on the Chair.

Mr. BURY: Can you suggest, Sir, anything that will be neither "surprised" nor "not surprised"? Can you suggest any frame of mind that is between the two?

The CHAIRMAN: I do not think there is any necessity for that. As I stated to the committee just a moment ago, my position is an onerous one and I do not think it is fair that an hon. member should take advantage of my inability to know exactly the rules of the House. But I am quite sure that the hon. member for South Oxford is out of order when he says he is not surprised at the ruling I made previously.

Mr. SUTHERLAND (South Oxford): If you can outline something that would be between the two extremes I would be very glad to abide by it.

The CHAIRMAN: I have asked the hon. member to withdraw the statement and I still ask it.

An hon. MEMBER: Which statement?

Mr. SUTHERLAND (South Oxford): The statement that I am not surprised and the statement that I am, or which one have I to withdraw?

Mr. LAPOINTE: Withdraw the reflection on the Chair.

Mr. MEIGHEN: On the point of order, if the hon. member is to be asked to make no reflection whatever on a point decided by the Chair, there should be the unfettered right of appeal which by the precedent of this afternoon we know now is worthless. I respectfully submit to you, Mr. Chairman, that your conduct has made it impossible for us to take the constitutional procedure.

Mr. LAPOINTE: I protest against those words of the leader of the opposition. In my experience in this House which extends for over twenty years, this is the first time that the leader of a party has used words to that effect in order to impair the dignity of the Chair or of the Speaker in this House of Commons. It has been my experience in the past that leaders of both parties have upheld the dignity of the Chair.

Some hon. MEMBERS: Order.

Mr. LAPOINTE: I am in order and as a member of parliament of long standing I protest against the conduct of the leader of the opposition to-day.

Mr. MEIGHEN: I am always anxious to have the good-will of the Minister of Justice. I am also anxious to conduct my functions as leader of a party with dignity just as much as anyone in this House in a similar position would be, but I think my duty is to see that the party which I lead has its constitutional rights in this House. When those rights are denied or impaired by circuitous proceedings as was done this afternoon, it is my duty to protest and I intend to protest no matter what the objections may be.

Mr. MACKENZIE KING: I have no desire to prolong the discussion but I do not think my hon. friend from South Oxford (Mr. Sutherland) would wish to leave an entirely false impression from his words with respect to any act of another member of the House. In the course of his remarks he stated that I had received a letter from the hon. member for Winnipeg North Centre a few days after the opening of the House. It was some three weeks before that letter was answered, and he drew the inference that the delay was due to the fact that during that time a debate had taken place in this House, that the House was about to vote, and that the hon. member for Winnipeg wished before recording his vote, to have some written assurance as to what was to be done with certain legislation in which he was interested. I think I am right in suggesting this as the inference to be drawn from the hon. member's words. In order to disabuse his mind of any suspicion let me tell him exactly the circumstances, and explain why there was no answer for three weeks. When the communication was forwarded by the hon. member for Winnipeg North Centre at the opening of the House I had a conference with him, and I was here in the city from then until the time I wrote the letter. At the time I wrote the letter I was leaving the city to be absent for some time. I did not know then whether I should be returned as a member of parliament or not, but I was anxious that the hon. gentleman himself, as well as any one who might stand in my place, if someone else did, should have a record of the programme of the government as I outlined it to him on the occasion of our first interview, which took place not at the end of three weeks, but at the very opening of the session. I state the facts, and all I ask hon. members to do is to judge for themselves whether this was not the course which any one placed in the position of responsibility I was in would have taken under the circumstances.

Mr. SUTHERLAND (South Oxford): As I am prevented from referring to what was actually said, I would direct the attention of the committee to Hansard of January 29 wherein they will find a statement made by the hon. member for Winnipeg North Centre and a letter written by the Prime Minister referring particularly to the three matters in which the hon. member was interested—the Naturalization Act, the Immigration Act, and the Criminal Code amendments—in relation to which legislation had been promised. The statement was also made by the hon. member that they were very grateful that, in view of the peculiar combination of circumstances,—

Mr. LAPOINTE: I rise to a point of order. I ask that the hon. member be directed to withdraw the expression he used with reference to the Chair.

Some hon. MEMBERS: Withdraw what?

Mr. SUTHERLAND (South Oxford): In view of the speech made by the Prime Minister since the point of order was raised I naturally assumed that the matter had dropped. I thought I had made sufficient retraction, if retraction was necessary, in having reversed the statement I had made, and the Prime Minister's speech subsequent to the point of order clearly renders irrelevant the point raised by the Minister of Justice.

The CHAIRMAN: The Minister of Justice, having insisted on the hon. member's withdrawal of his remarks reflecting upon the Chair, I must ask that under rule 236 he retract them.

Mr. BOYS: There is no rule 236.

Sir HENRY DRAYTON: There are only 129 rules.

Mr. CANNON: The point comes under rule 13.

Some hon. MEMBERS: Order.

Mr. CANNON: It is 236 in Beauchesne.

Mr. LAPOINTE: Surely no member who has had any experience in this House challenges the contention that there must be no reflection upon the Speaker or upon the Chairman of committees.

Mr. MANION: The hon. member for South Oxford said he made no reflection on the Chair, and he reversed the statement he had previously made. There cannot therefore be any reflection on the Chair.

Some hon. MEMBERS: Order.

Mr. MANION: My hon. friends appear to lose all sense of fairness on occasions such as this. The Minister of Justice has spoken six or seven times on the question: have I not the right to say a word? I am pointing out, Mr. Chairman, that the hon. member declared he had made no reflection on the Chair. He made a certain statement and reversed it. How therefore can there be any reflection? Your judgment will be with the hon. member, I think, Mr. Chairman. Furthermore, I would point out to the Minister of Justice that the Chairman himself in allowing the Prime Minister to go beyond the point of order was apparently personally satisfied, and if the Chairman is satisfied I do not see why anyone should object.

Mr. LAPOINTE: He is not satisfied; he has asked that the remarks be withdrawn.

The CHAIRMAN: I did not hear the hon. member for South Oxford say that he was willing to withdraw the remarks, nor did I understand him to contend that he had not cast any reflection on the Chair. The Minister of Justice insists that the words reflecting on the Chair be withdrawn and I must ask the hon. member to withdraw them. May, at page 298, says:

> The House of Commons will insist upon all offensive words being withdrawn, and upon an ample apology being made, which shall satisfy both the House and the member to whom offence has been given.

Mr. HEENAN: I want to say a couple of words.

Some hon. MEMBERS: Louder.

Mr. HEENAN: Be quiet. I was wondering, Mr. Chairman, why we are so particular in this House, because I know that on the twelfth day of last month a gentleman on the other side of politics in another chamber—

Some hon. MEMBERS: Order.

Mr. HEENAN: —said that a member of this House—

The CHAIRMAN: Order.

Mr. HEENAN: Mr. Chairman—

Some hon. MEMBERS: Order.

Mr. HEENAN: I am all right.

The CHAIRMAN: The hon. member is out of order.

Mr. HEENAN: I don't know, Mr. Chairman.

Some hon. MEMBERS: Order.

Mr. HEENAN: What I was going to say—

The CHAIRMAN: Will the hon. member be good enough to resume his seat?

Mr. CHAPLIN (Lincoln): You had better withdraw now.

Mr. SUTHERLAND (South Oxford): Mr. Chairman, I am somewhat disappointed in the treatment meted out to me this afternoon in this House by the Prime Minister and also by the Chair—

Some hon. MEMBERS: Order.

Mr. SUTHERLAND (South Oxford): — but in view of your ruling I may say that I am neither surprised nor not surprised.

Mr. CANNON: Mr. Chairman—

Some hon. MEMBERS: Order.

Mr. SUTHERLAND (South Oxford): I absolutely drop the word "surprised."

The CHAIRMAN: The hon. gentleman will not be allowed to escape with any such partial denial. He must unreservedly withdraw the reflection on the Chair.

Mr. MEIGHEN: Mr. Chairman, there is such a thing as being too sensitive. Is one not to be able to say that he is disappointed in a decision?

The CHAIRMAN: I do not refer to that remark.

Mr. MEIGHEN: That is what the hon. gentleman says, and he adds that he absolutely withdraws the word "surprised." I think he has gone far enough. Perhaps the Chairman did not hear him say that he withdrew the word "surprised." Surely it is not to be held that a member is not to be allowed to express disappointment? Because I may add to his disappointment my own.

Mr. CANNON: Mr. Chairman, I think this incident has lasted long enough, and now that the members have more or less cooled off I am sure both sides will be of the opinion that we should all respect the Chair. If we do not, our proceedings become not only useless but practically impossible.

Mr. MEIGHEN: Hear, hear.

Mr. CANNON: The Chair may make mistakes, but even so it is the duty of every member to support the dignity of the presiding officer and uphold the decorum of our proceedings. I have known the hon. member for South Oxford (Mr. Sutherland) for many years. He is a very strong adherent of his party, but he has always to my knowledge respected the rules, and I think that if he considers the matter further he will please both sides by upholding the dignity of the House and continuing this debate as it should be continued. I do not wish to follow the right hon. leader of the opposition on the ground which he has taken, and I am confident that when he reads his remarks in Hansard to-morrow he will regret them. Speaking as the leader of a great party, and as a former prime minister of this country, I think he should use his influence and his prestige to require his own followers—

Some hon. MEMBERS: Order.

Mr. CANNON: —to set an example of that respect which we all owe to you, Sir—

Some hon. MEMBERS: Order.

Mr. CANNON: —and I do not think the hon. member for South Oxford should be allowed to take any further part in this debate unless he follows the ruling of the Chair. He should not be permitted to do what no other member has the privilege or the right to do.

Mr. MEIGHEN: Mr. Chairman, I hope you will observe that on discussion of the point of order the Solicitor General (Mr. Cannon) is permitted to read me a lecture on my deportment in this House. How that affects the point of order is rather difficult for the ordinary mind to grasp. I just draw that to your attention so there will be no need of further disappointment. But I submit there is no reflection in the world and no offence against the rules of the House in expressing disappointment over a decision of the Chair. There may possibly be a reflection read into the word "surprise." I think such an interpretation is a little far-fetched. At all events I asked the hon. member to withdraw the word and he has done so. I submit that if he had used the word "disappointment" in the first place there never would have been the slightest exception taken to it. I think we have gone more than half way to meet the susceptibilities of hon. gentlemen opposite, and I think we should stop there.

5 p.m.

Mr. MACDONALD (Antigonish): He should state he did not intend to reflect on the Chair.

Mr. FORKE: Mr. Chairman, I am greatly disappointed with the proceedings that have taken place in this House this afternoon.

Some hon. MEMBERS: Oh, oh.

Mr. FORKE: However it may affect hon. members to my right, I do not feel that this is a subject for amusement.

An hon. MEMBER: Neither do we.

Mr. SUTHERLAND (South Oxford): Mr. Chairman, I rise to a point of order.

Some hon. MEMBERS: Sit down.

Mr. FORKE: I have not encroached very much upon the time of the House and—

An hon. MEMBER: What is your point of order?

Mr. FORKE: I have only a few words to say and I am going to say them.

An hon. MEMBER: State your point of order.

Mr. FORKE: I have listened to the whole proceedings and I am quite convinced of what the hon. member for South Oxford meant to convey, no matter what words he used.

Mr. EDWARDS (Frontenac): Perhaps your mentality is at fault.

An hon. MEMBER: Perhaps yours is.

Mr. FORKE: Unless hon. members are going to pay at least some attention to the dignity of the Chair and respect its rulings, we are not going to get very far. I think it is derogatory to our parliamentary life that such proceedings should have taken place in the House this afternoon.

Mr. EDWARDS (Frontenac): You have got in the press now on that.

Mr. FORKE: It is all very well for my hon. friend to say that, but I can assure him and other hon. members that if the people of this Dominion understood something about the proceedings that take place in this House none of us would get very much respect, and I think there would be an entirely new House of Commons.

Mr. EDWARDS (Frontenac): Speak for yourself, John.

Mr. FORKE: I do not know why hon. members to my right are so much worked up over this incident. I am blaming no one section, I am speaking of the whole House and the proceedings generally. I have taken part in a good many debating organizations in my public life and I never saw anything like it in twenty-five years, even in a municipal council.

Some hon. MEMBERS: Oh, oh.

Mr. FORKE: I am perfectly convinced, Mr. Chairman, of the meaning that the member for South Oxford meant to convey, and I think it would tend to his own dignity and to the dignity of the House generally that the incident should be brought to an end by an intimation on his part that he would respect the ruling of the Chair.

Mr. EDWARDS (Frontenac): Mr. Chairman, I just want to say one word on the point of order. You objected to the statement made by the hon. member for South Oxford and to his reversal of that statement. The point in it all was contained in the word "surprise," which has been withdrawn. If there was any reflection in his statement it was contained in that word, and therefore his withdrawal of it must also remove the supposed reflection.

Mr. MACDONALD (Antigonish): Why does he not say that he did not intend to reflect on the Chair

Mr. EDWARDS (Frontenac): It is not for the Minister of National Defence (Mr. Macdonald) to interpret the hon. member's statement. The hon. member himself can make his own interpretation. I am speaking to the point of order and I—

Mr. MACDONALD (Antigonish): He can say whether or not he intended to reflect on the Chair.

Mr. EDWARDS (Frontenac): I have the floor at the moment. I contend, Mr. Chairman, that the hon. member for South Oxford has met your demand by withdrawing the word "surprise," and I submit the incident might very well end there.

The CHAIRMAN: I am very glad that the hon. member for Frontenac (Mr. Edwards) is as desirous as I am of closing the incident. It is quite true the hon. member for South Oxford used the word "surprise." He also used the words "not surprised," which really meant the same thing. All I ask is that he withdraw both expressions and so close the incident.

Mr. SUTHERLAND (South Oxford): Mr. Chairman, surely I am not expected to make a similar withdrawal on two or three occasions? I have already withdrawn it.

The CHAIRMAN: Perhaps I should apologize to the hon. member if I did not hear him withdraw the word "surprise" and the words "not surprised." Did the hon. gentleman withdraw those words?

Mr. SUTHERLAND (South Oxford): Certainly I did.

The CHAIRMAN: Very well.

Mr. SUTHERLAND (South Oxford): Well, Mr. Chairman, I am not permitted to express

my feelings. I should like, however, to refer to what was under discussion when the Prime Minister displayed such heat in what might be termed unparliamentary language, and what has been so termed in the past. The peculiar combination of circumstances in the House on the 27th and the 28th of January, just before the vote was taken, gave rise to the boast on the part of some members with regard to promises of certain legislation, that they had wrung those promises from the Prime Minister—the promises referred to by the hon. member for Winnipeg North Centre (Mr. Woodsworth). This was the matter that I was referring to, and I would gladly deal with it as it is contained in Hansard, but hon. members I know do not wish to have the exact words placed before them. I merely rose to direct the attention of the Minister of the Interior to the bill which is now before the committee amending the Immigration Act, and to point out the connection there was between the three bills promised, and which are to be dealt with by this House. The minister, when this matter was before the House the other night, and he was asked who was pressing for these changes, stated that they originated with his department. The Prime Minister in his statement this afternoon states that he gave that letter to the hon. member for Winnipeg North Centre so that the people and parliament would know that the government proposed introducing this legislation at this session, although it was not referred to in the Speech from the Throne at all. It has frequently been referred to since as a supplementary Address brought down during, you might say, an emergency. The vote on the Address was taken on the 1st day of February, and this letter was placed on Hansard on the 29th day of January, and was written by the Prime Minister on the 28th day of January. In view of the relationship between these three bills which have been mentioned by the hon. member for East Edmonton, I think great care should be exercised to see that there is no overlapping, and whether there is really any occasion for the bills being passed.

Mr. STEWART (Edmonton): Now that the tempest has calmed down, I may say in reply to my hon. friend from South Oxford that the legislation I am introducing is not new by any means. As a matter of fact, an attempt has been made to amend section 41 of the Immigration Act at three different sessions, and the amendment was passed by this House on three different occasions and went on to the Senate. So there is nothing new about this.

I have nothing to say as to the controversy between my hon. friend from South Oxford and the right hon. the Prime Minister, but in reply to the hon. member for East Edmonton, I want to put myself right. I made the statement to him that the amendments to the Criminal Code would contain all the offences mentioned in section 41 of this act, but I am informed by the Minister of Justice that they will not. I want to make it perfectly clear that my own officials informed me that the statement I made was correct, and on the strength of that information I made that statement. I hasten to correct it, because I am now informed by the Minister of Justice that some of the provisions of section 41 will not be covered by the amendments to the Criminal Code. That is why I was hoping this storm would subside, so that I would have an opportunity of giving that information to my hon. friend.

Mr. BURY: I would not for one moment imagine that the Minister of the Interior was not making a frank statement. I quite believe that he was fully convinced in his own mind that the amendment to the Immigration Act was not going to have the effect of removing from the list of deportable offences any of the offences that are at present deportable under the act; but in fact, the case is quite different. Let me read the offences that are deportable under the act as it now stands. If hon. members will look at the explanatory statement on the blank page of the bill, they will see that the section of the act of 1919 to be repealed reads as follows:

> Every person who by word or act in Canada seeks to overthrow by force or violence the government of or constituted law and authority in the United Kingdom of Great Britain and Ireland or Canada, or any of the provinces of Canada, or the government of any other of His Majesty's dominions, colonies, possessions or dependencies, or advocates the assassination of any official of any of the said governments or of any foreign government, or who in Canada defends or suggests the unlawful destruction of property or by word or act creates or attempts to create any riot or public disorder in Canada.

and so on. Those are the acts which are deportable under the Immigration Act as it at present stands. They are acts for which deportation lies under part II. of the Criminal Code as it now stands, but when the amendment to the Criminal Code that is proposed to be made by bill No. 153 becomes law, they will no longer be acts for which deportation lies; at least, it is very questionable if they will. Let me read the offences which will be removed from the list of deportable offences under the amendment which the government

proposes to make in bill No. 153. They will be found in section 97A (1) of the Criminal Code:

> Any association, organization, society or corporation, whose professed purpose or one of whose purposes is to bring about any governmental, industrial or economic change within Canada by use of force, violence or physical injury to person or property, or by threats of such injury, or which teaches, advocates, advises or defends the use of force, violence, terrorism, or physical injury to person or property, or threats of such injury, in order to accomplish such change, or for any other purpose, or which shall by any means prosecute or pursue such purpose or professed purpose, or shall so teach, advocate, advise or defend, shall be an unlawful association.

That is to be repealed; also section 97A (3) of the Criminal Code, reading as follows:

> Any person who acts or professes to act as an officer of any such unlawful association, and who shall sell, speak, write or publish anything as the representative or professed representative of any such unlawful association, or become and continue to be a member thereof, or wear, carry or cause to be displayed upon or about his person or elsewhere, any badge, insignia, emblem, banner, motto, pennant, card, button or other device whatsoever, indicating or intended to show or suggest that he is a member of or in anywise associated with any such unlawful association, or who shall contribute anything as dues or otherwise, to it or to any one for it, or who shall solicit subscriptions or contributions for it, shall be guilty of an offence and liable to imprisonment for not more than twenty years.

Also this provision in 97B (1):

> Any person who prints, publishes, edits, issues, sells, or offers for sale or distribution any book, newspaper, periodical,

and so on. Those are all going to be repealed, and consequently, while under part II. of the Criminal Code as it stands these are deportable acts, after the amendment has been made to bill No. 153 these acts will no longer be deportable, and what I maintain is that the committee should very carefully consider whether it is in the interests of the country that persons who are now described under section 41 as persons who are members of these unlawful associations, and who are working for and advocating the aims of these unlawful associations are desirable people to have in this country. I suggest that the change is going to have the effect of preventing the deportation of persons who are members of these very undesirable asociations, and who are soliciting and propagating the principles and publishing the literature of these particular associations that are mentioned in sections 97A and 97B of the Criminal Code. Therefore, the amendment is not nearly so innocuous as the Minister of the Interior, perfectly honestly, conceived it to be. The amendment is in reality part of a scheme and purpose and arrangement by which men who would otherwise have been deported under the act will now be able to remain in the country and be not subject to deportation at all. If I am incorrect, I shall be very glad to be corrected.

Mr. WOODSWORTH: There are a few remarks I should like to make with regard to this legislation. It is not my purpose to go into the matter raised by the hon. member for South Oxford a few minutes ago in which my name was brought up, because my statement in regard to that matter has already been made on the floor of the House, and I have nothing to add to it. I would, however, say that this change in legislation, with changes in the Criminal Code, have been, as everybody who was in the last parliament, knows, matters in which we have been interested for some time. At the very commencement of the present session I approached the Prime Minister with regard to what could be done this year as to legislation of this character. Four years ago I introduced an amendment to the Immigration Act which sought to secure the ends contemplated by this bill, and on several subsequent occasions the government itself introduced amendments along those lines. I would remind the House that in 1919, at the time there was a good deal of panic and hysteria, several pieces of legislation passed this parliament with very little consideration. As a matter of fact they passed not only this House but both Houses and became the law of the country within about forty minutes. This legislation which is to be repealed was one of the acts passed at that time. When we introduced proposed amendments before the idea was to do away entirely with that power which gave to the Minister of Immigration the right to deport people for certain crimes. Those amendments have been very widely misunderstood. It was thought by some gentlemen that we were trying to introduce into this country individuals who might be guilty of the crimes specified in the act. Nothing was further from our thought. Our idea was to get rid of legislation which had the effect of taking away from certain classes of people in this country the right to trial by jury.

The hon. gentleman who has just spoken is quite evidently misinformed with regard to the effect of this legislation. Under the law as it now stands he—born, I think, in the Old Land—might, for an alleged offence, be taken before a committee of the Immigration department and shipped out of this country without trial.

Mr. BURY: May I just interrupt my hon. freind for a moment to correct him? I would

not have anybody deported without proper trial and conviction; I am dealing with the people to whom the act refers, not with the way in which they are to be treated.

Mr. WOODSWORTH: Quite so, but this particular amendment deals entirely with the matter of procedure.

Mr. BURY: No, it does not.

Mr. WOODSWORTH: The hon. gentleman is not correct as to that. I have some knowledge of this matter. The amendment deals entirely with an act of procedure. That is a point not very clearly understood by a good many members of this House. As I was saying, under the existing law, if it were put in force, my hon. friend (Mr. Bury) might be taken before a committee of the Immigration department simply because he happened to have been born outside of Canada, and he might be shipped out of this country as an undesirable person if the Immigration department felt that he came within that class. My point is that every man in this Dominion—whether he is Canadian born as I happen to be, or whether he comes from Great Britain, as does the hon. member for East Edmonton, or as my colleague here (Mr. Heaps)—has a perfect right to a trial by jury.

Mr. MEIGHEN: Will the hon. gentleman permit a question? What about the fellow who comes from France or Italy?

Mr. WOODSWORTH: I do not accept the position of the leader of the opposition, but I would say it should apply to the man who comes from France, Italy, or any other country. The point about the present law is that it might be used to deport people without trial.

Mr. MEIGHEN: Does the hon. gentleman say that the Immigration Act should be changed so that any immigrant from Italy, Austria, or any other country should be allowed to enter Canada—

Mr. WOODSWORTH: No.

Mr. MEIGHEN: —and remain here?

Mr. WOODSWORTH: No, I have not suggested it.

Mr. MEIGHEN: That is just exactly what the hon. member did suggest.

Mr. WOODSWORTH: No, no; just a moment and I will answer that point. Presumably the Immigration Act ought to keep undesirable people out of this country, whether they come from Great Britain, Italy, France, or elsewhere. We are trying by the Immigration law to exclude undesirables, and with that I have every sympathy.

Mr. HOCKEN: But if they get in?

Mr. WOODSWORTH: If they get in, and if they commit a crime in Canada, they should be tried by a jury in this country.

Mr. BURY: Has the hon. gentleman heard me oppose that?

Mr. WOODSWORTH: No, but the hon. gentleman has not understood the bearing of this legislation; that is what I suggest. This relates to matter of procedure. I do not want to go into past history, but I may just say very frankly that perhaps the reason some of us feel very strongly about this matter is that my colleague the hon. member for North Winnipeg would himself have been deported from this country without any jury trial if the law had been put into force, simply because he happened to have been born in England. And that was the case with a number of others at that time.

Mr. MEIGHEN: Was he guilty of any such offence as that outlined?

Mr. WOODSWORTH: No.

Mr. MEIGHEN: Then how could he have been deported?

Mr. WOODSWORTH: Simply because of this law. The right hon. gentleman is frank in asking this question?

Mr. MEIGHEN: He certainly is.

Mr. WOODSWORTH: Surely he has not failed to grasp the significance of the legislation for which I think he was more or less responsible.

Mr. MEIGHEN: No, he was not.

Mr. WOODSWORTH: Possibly not, but I have seen more of the correspondence of that day and if it could be brought down I think, my contention would be sustained. Paragraph 2 of section 2 of the Immigration Act as it now stands provides that no person who belongs to the prohibited or undesirable classes within the meaning of section 41 of the act shall be capable of acquiring Canadian domicile. And then the act proceeds to speak of the people who are considered undesirable. In that respect although a man might have been here one year, five years or ten years, if he is accused of belonging to the undesirable classes he may be deported. He cannot possibly acquire Canadian domicile. That is the bearing of the legislation to which we object. There are a great many Britishers

to whom this would apply: The hon. member for East Edmonton was born in the Old Country and is not ashamed of it; my own colleague was born in England and I know he is not sahamed of it; the leader of the Progressive party was born in Scotland and I know he is not ashamed of it. These gentlemen might, according to this act, be accused of committing some crime against the state of the character indicated. If they were accused under the act as it now stands, the Acting Minister of Immigration and Colonization could have them before his committee and the day after to-morrow could ship them back to England, Ireland, or Scotland, as the case may be, without their having had any jury trial. Now, as a Canadian citizen I cannot be deported, but to me as a British subject, brought up in the idea of the liberty of the citizen and the right to trial by jury, that situation—which I venture to say most of the members have not realized—is intolerable. We should insist that if any man comes to this country, whether from Great Britain or from some foreign land, and in this country commits or is alleged to have committed some crime, he ought to have a jury trial. I do not particularly object to his being deported if he is found guilty. Perhaps we made a mistake when this legislation was introduced earlier, because there were some hon. members in this chamber, and I think some in the other chamber, who got the idea that we wanted to retain these people in this country. That was not our thought at all, but we desired to get rid of obnoxious legislation which would permit deportation without trial by jury. I think the minister has fairly well met the situation by retaining the right of deportation, but providing that the deportation can take place only after conviction. I am sure there is not a member in this House who wants to deport anybody without trial. I can hardly conceive that any hon. member is willing to leave to a departmental committee the decision as to whether or not a man is guilty of offences of this kind. So it is quite clear that by the proposed amendment we retain the right to exclude undesirables or to deport people who prove to be of that class, but we do say that they should first have a fair trial. Surely that is fair.

Mr. HOCKEN: Are they described in this clause?

Mr. WOODSWORTH: No, and it is quite true that amendments to the Criminal Code are being proposed that will modify the legislation of 1919 regarding political crimes. But I would remind the hon. member that that has nothing to do particularly with deportation. The Criminal Code does not provide for deportation. It provides for trial. We say that no one should be deported without trial.

Mr. BURY: That is not the true point.

Mr. WOODSWORTH: There is no viewpoint in it. If the hon. member objects to the eliminations which are proposed in respect to the Criminal Code, the time to discuss the matter will be when they come up. I am quite willing to discuss them now, but I do not think it is the proper time. We will have an opportunity to discuss whether or not these emendations to the Criminal Code should be made, but that has nothing to do with deportation.

Mr. BURY: It has a very important bearing upon it, because some hon. members of this House might be perfectly willing to take some of these offences out of the Criminal Code and yet not to take them out of the Immigration Act. They might not be prepared to make those offences crimes under the Criminal Code; at the same time they might not want people of that character to be left in Canada.

Mr. WOODSWORTH: Does the hon. member think he himself is in a very enviable position? Would he like his status to remain as it is, namely that he might be shipped out of the country without trial?

Mr. BURY: I am not dealing with that point.

Mr. WOODSWORTH: I am dealing with it.

Mr. BURY: My hon. friend is dealing with a point I have not rasied. He is drawing a red herring across the trail.

Mr. WOODSWORTH: No, I am trying to keep to the point at issue.

Mr. BURY: I never raised that point.

Mr. WOODSWORTH: This is a matter of procedure, and in this bill we are making an effort to try to see that everyone who is living in Canada shall have the right to a jury trial. The question of deportation is a secondary matter. I am quite willing to concede that everyone in this country who commits any of these alleged crimes should be deported. I am not worrying about that part of it. Let them be kept out of the country, but after they are in the country let them have a fair trial so that it may be ascertained whether or not they are guilty.

Sir HENRY DRAYTON: My hon. friend has given a great deal of attention to this matter. He has referred to what is going to be done. Would he tell me what acts, hitherto looked upon as offences, are to be taken out of that category?

Mr. BURY: I am not against jury trial or conviction, but section 97B is to be repealed by bill 153. That section says:

Any person who prints, publishes, edits, issues, circulates, sells, or offers for sale or distribution—

Mr. STEWART (Edmonton): That is not this bill.

Mr. BURY: I know that, but my hon. friend says it is entirely a question of procedure. Either he has not appreciated what the bill provides for, or else he is not perfectly frank. This is a bill of procedure first, and secondly a bill of description of the particular acts that come within its terms. That element of the bill has been altered. I am not dealing with procedure. Leave that out. It is more than a bill of procedure when it changes the description of the acts which come under the deportable provisions of the law, and it changes those acts when it incorporates the Criminal Code. The Minister of the Interior has been absolutely frank in respect to his answer to my question; he afterwards corrected himself and said, "I admit there are offences under the law as it now stands which will not be offences under the law after bill 153 is passed." For instance after the passing of bill 153 it will not be a deportable offence to print, publish, edit, issue circulate, sell or offer for sale or distribution any book, newspaper, periodical, pamphlet, picture, paper, circular, card, letter writing print, publication or document of any kind, in which is taught, advocated, advised or defended sedition.

Mr. WOODSWORTH: Where do you find that?

Mr. BURY: That is section 97B of the Criminal Code, part II, which will no longer be an offence if bill 153 is passed. Therefore a person who by word or act seeks to overthrow constitutional government, or advocates or suggests the unlawful destruction of property, will not be a deplorable subject after the Criminal Code amendment has gone through.

Mr. LAPOINTE: My hon. friend knows that that offence would come under some other section of the bill.

Mr. BURY: Not in part II. You wish not to discuss this with bill 153, because palpably the object of the government is to get this amendment through first, and having passed this, the other will be adopted also. I do not want this amendment to go through without the committee understanding what it is doing. If this amendment goes through and the Criminal Code amendment goes through the result will be that anybody can write or distribute literature and can work in any way along seditious lines for the overthrow of constitutional government in this country and advocate the destruction of property.

Mr. STEWART (Edmonton): I think my hon. friend is going too far now, although his main argument is correct. My hon. friend is quoting from section 97 of the Criminal Code.

Mr. BURY: I am quoting from section 97B, one of the sections it is intended to repeal. It says:

Any person who prints, publishes, edits, issues, circulates, sells, or offers for sale or distribution any book, newspaper, periodical, pamphlet, picture, paper, circular, card, letter, writing, print, publication or document of any kind, in which is taught, advocated, advised or defended, or who shall in any manner teach, advocate, or advise or defend the use, without authority of law, of force, violence, terrorism, or physical injury to person or property, or threats of such injury, as a means of accomplishing any governmental, industrial or economic change, or otherwise, shall be guilty of an offence and liable to imprisonment for not more than twenty years.

That is the law as it stands now. Bill No. 153, when it passes, will repeal that section.

Mr. STEWART (Edmonton): But does my hon. friend not forget that both section 41 of the Immigration Act and section 97B of the code were passed in 1919 for special reasons, all of which may have been good in themselves? I think he will find that the code in another section covers the point he is raising.

Mr. LAPOINTE: The man who would do what my hon. friend has read would come under section 132, which refers to seditious words, seditious libel, seditious conspiracy.

Mr. STEWART (Edmonton): All we are attempting to do in the Immigration Act by striking out the provisions of section 41 is to take from the control of the Minister of Immigration the power of deportation for offences of this character without trial. These provisions are not being struck out for the purpose of getting rid of these offences or of making them non-indictable offences. When we come to the amendment to the Criminal Code my hon. friend will be quite in order to raise the objections he is now raising, but I see no good purpose that will

be served by delaying the taking away from the Minister of Immigration of the powers contained in section 41. Under section 40 the Minister of Immigration has all the power to deport without trial, but when this amendment goes through as regards the provisions contained in section 41 he will not have power to deport except after proper trial before a proper tribunal.

Mr. MEIGHEN: What are the powers in section 40?

Mr. STEWART (Edmonton): They have always been in the Immigration Act. Section 40 reads:

> Whenever any person, other than a Canadian citizen or person having Canadian domicile, shall be found an inmate of or connected with the management of a house of prostitution or practising prostitution, or who shall receive, share in, or derive benefit from any part of the earnings of any prostitute or who manages or is employed by, in, or in connection with any house of prostitution or music or dance hall or other place of amusement or resort habitually frequented by prostitutes, or where prostitutes gather, or who in any way assists any prostitute or protects or promises to protect from arrest any prostitute or who shall import or attempt to import any person for the purpose of prostitution or for any other immoral purpose, or who has been convicted of a criminal offence in Canada or who admits the commission prior to landing or entry to Canada of a crime involving moral turpitude, or has become a professional beggar or a public charge or practises polygamy, or has become an inmate of a penitentiary, gaol, reformatory, prison, asylum or hospital for the insane or the mentally deficient, or an inmate of a public charitable institution, or enters or remains in Canada contrary to any provision of this act, it shall be the duty of any officer cognizant thereof, and the duty of the clerk, secretary or other official of any municipality in Canada wherein such person may be, to forthwith send a written complaint thereof to the minister, giving full particulars.

Mr. MEIGHEN: In those cases the minister will see that there are many things in respect to which the complaint may be made, and among them is conviction of a crime. The others do not include any conviction at all. The minister is capable of deporting in any such case upon evidence satisfactory to himself. Does that apply to anybody from Great Britain, or just to foreigners?

Mr. STEWART (Edmonton): Any person who is not a Canadian.

Mr. MEIGHEN: That is just the point on which I want to make a remark. I do not know whether the hon. member for Winnipeg North Centre (Mr. Woodsworth) can rest his soul in patience or not while section 40 stays within the act. I cannot understand how he can sleep at night. Think of it! Under that act men, women, by the score, by the hundred, can be deported without trial.

[Mr. C. A. Stewart.]

Mr. HEAPS: Why was it necessary to amend this in 1919?

Mr. MEIGHEN: To add another class who could be deported. What I am calling attention to is this: What seems to boil up in the soul of the hon. member for Winnipeg North Centre is the idea of deporting anybody without trial. A jury trial, he says, is the right of a British subject. Still we have section 40 remaining under which in respect of 95 per cent of the cases there is no right to jury trial at all in determining whether the man or woman is deportable. This has been in the act for years. All that was done in 1919 was to add another class to those who were not entitled to jury trial. The class we added were those who came from the Old Country and were anarchists. In a word we added anarchists to prostitutes and beggars. That is all we did. We said: If a man was an anarchist, for the purpose of deportation he should not have any special rights merely because he came from Scotland or England. That was the terrible offence. It was not a case of invading the right to jury trial at all. The right to jury trial is the right of the citizen, whether he be a British subject or an Italian or a Swede or a Pole or a Jap.

Mr. WOODSWORTH: This takes away that right.

Mr. MEIGHEN: No, it does not. The hon. member has never understood it. That right is a right that all have, British subject or no British subject, if they are living in Canada, before they can be punished for a crime. That is all that jury trial was ever intended for.

Mr. WOODSWORTH: Will the hon. gentleman deny that the effort was made to deport men without trial?

Mr. MEIGHEN: The hon. member is in a hurry because I think he now sees the point. Jury trial is not anything that pertains to a British subject, to somebody born in Britain or Canada; it pertains to anybody before he is punished for a criminal offence. Under the code if he is charged with a major offence he has the right to jury trial. It is his right before he is punished for libel. But it is not anything that is especially the property of a British subject; it is just as much the property of a Pole or an African or a Hottentot. It never was the special right of anybody to have a jury trial before deportation. That is what I want to drive home to the hon. member for Winnipeg North Centre. You do not need to establish crime against a man in order to have the right to deport him.

Mr. WOODSWORTH: Does the hon. gentleman think an Englishman who has been resident in this country for twenty years should be incapable of establishing Canadian domicile and be subject to deportation?

Mr. MEIGHEN: The hon. member is getting the red herring again; he is bound he will not follow me. For years he has been preaching before his own audiences that we took away the right of jury trial. We did not take it away at all. There never was the right of jury trial as a condition to deportation. That right exists only as a condition or protection against punishment for crime. I want to try to get that point into the hon. member's head.

Mr. WOODSWORTH: Am I not right in arguing that the effect of such legislation would lead to the deprivation of such individuals of the right to trial by jury?

Mr. MEIGHEN: Just the same as the legislation that remains.

Mr. WOODSWORTH: Quite so.

Mr. MEIGHEN: The hon. member is entirely satisfied, if some poor woman is found to be a prostitute, to deny her any right to jury trial, and to deport her. But if someone is found guilty of anarchism he immediately springs to his feet and espouses the right of that individual to trial by jury.

Mr. WOODSWORTH: Who is to decide whether a person is guilty of anarchy?

Mr. MEIGHEN: The same person who decides whether some woman is guilty of prostitution.

Mr. WOODSWORTH: I personally have taken the ground that it would be well to have legislation enacted providing that for all offences committed in Canada there should be trial by jury. But with regard to some of these cases the social effect of depriving the accused of that right is considerably greater, as in relation to political matters.

Mr. MEIGHEN: I am of the other view myself. I think there is a great deal more potential evil in some anarchists than in some poor girl who lives in a house of ill fame. The sympathies of the hon. gentleman are aroused only in the case of the anarchist, but he will not move a hand to repeal section 40.

Mr. WOODSWORTH: As a matter of fact I have already moved in that direction. The hon. gentleman will find that four years ago I introduced legislation to repeal these sections.

Mr. MEIGHEN: Section 40?

Mr. WOODSWORTH: Yes, that is my recollection.

Mr. MEIGHEN: It is not mine. I will not be positive—

Mr. WOODSWORTH: That is my recollection.

Mr. MEIGHEN: —but as I remember, with respect to anarchists, the hon. gentleman's bill corresponded in effect to this legislation.

Mr. WOODSWORTH: Would the right hon. gentleman consent to the repeal of section 40?

Mr. MEIGHEN: No; I would not. Not at all. And what is more, I do not see any special necessity for this bill. I do not think it is needed. What I am pointing out, however, is that the hon. member has for years misrepresented the legislation in this regard, and has got votes on that misrepresentation. He has never been fair about it; never in the world. This legislation merely put those who came from the Old Land, if they were found to be anarchists, on the same footing as immigrants from other countries who might be suspected of the same offence. It never denied them the right to trial by jury for the purposes for which trial by jury was instituted. Are hon. members going to say that it is tremendously important that merely because someone comes from the Old Land he must stay here, no matter what his character, even though he may be an anarchist, until you can get him convicted? Does any hon. member suggest that this should be the treatment accorded men coming from the Old Land and not men coming from Italy or France? Is it to be different in their case? I do not think that is fair.

Mr. WOODSWORTH: Neither do I.

Mr. MEIGHEN: The hon. member agrees with me on that point when I mention the anarchist; but what interest does he display in behalf of offenders when I refer to other classes? Here is some fellow begging for a living; cannot find a job; throws himself upon public charity. The minister can deport him without any trial save such as he may himself conduct, and the plight of such an unfortunate does not seem to bother the hon. member at all. But if the minister undertakes to deport some man on the ground of his being an anarchist, then woe betide the government! This, briefly, is the stand the hon. member takes.

Mr. CHURCH: It is difficult to tell just what this debate is all about. One does not know whether it is a discussion of the Winnipeg strike or a consideration of the Immigration Act. But it seems to me that the Winnipeg strike is one cogent reason why section 41 of the act of 1919 should be retained on the statute books. I certainly do not think the repeal of that act can be justified. Every loyal citizen of this Dominion sympathized with the government when it passed section 41 which hon. gentlemen are endeavouring so strenuously to-day to repeal. Do those hon. gentlemen want us to revert to the appalling conditions that prevailed in 1919 and prior to that time?

The responsibility for maintaining law and order is a very serious one, and it is all that our police systems in Canada can do to keep the peace. This is distinctly a retrograde step. It is one which the people in the country will not regard favourably. Australia has refused to loosen up on its law in regard to immigrants who commit offences that make them liable to deportation. Look at the strike that occurred in the Old Country the other day: what was responsible for it? It was the result of propaganda, and the same sentiments that led to that strike are so rampant in this country at the present time that those in authority who are responsible for the maintenance of law and order find their duties exceedingly difficult. I do not care whether the agitator is a British subject or not; if he does not abide by the law he should be deported be he Greek, Jew, or Gentile. The sooner this country wakes up and puts on the statute books a proper law, and one sufficiently stringent, the better it will be for administration generally and for law and order in the country.

I am absolutely opposed to this change, for which there is no demand that I can see. The civil authorities whose business it is to keep order have not asked for it. As a matter of fact, the municipalities are very largely against it, and the police themselves are opposed to it. They discussed the question at a convention in Ottawa some time ago, and while I cannot speak for them I think I am safe in saying that as a unit they took a stand against any interference with the immigration law as it was adopted in 1919. No one who is liable to deportation, whether he be a British subject or not, should be immune from the provisions of the act. And some of the most dangerous agitators in Canada to-day, some of whom I know myself, come from the British Isles. The average foreigner is peaceable and law-abiding, and he tries to obey the laws of the land; but some of these agitators bring with them into Canada views of government which are not shared for a moment by the people here who have built up this country. There should be no special provision for the British subject if he is an agitator or an anarchist. He should be treated just like any other undesirable. These disturbers of the peace advocate policies that are the reverse of good government. With the experience which the government have gained during the past four years, and in the light of the Winnipeg strike, the labour troubles that have prevailed in the Maritime provinces, and the industrial unrest generally, not only in this country but elsewhere as well, notably in the Motherland and in Australia, I fail to see how hon. gentlemen opposite could bring down a bill like this and seriously ask parliament to adopt it. It is not too late to withdraw the bill and I hope the government will see fit to do so.

When agitation was rife in the Australian Commonwealth what did Premier Bruce say? He said: "We will make this a white man's country. It does not matter whether the anarchist came from Europe or from the British Isles, he will be deported. Everyone who comes to this country has got to abide by the law and if he attempts to make any disturbance we will deport him." That is the attitude taken by the premier and the government of Australia, and that is the attitude we should take in this country. The Australian parliament backed up Premier Bruce by an overwhelming majority. I have come across a good many agitators in my time. When I was chairman of the Board of Police Commissioners in Toronto the board had frequently to consider cases of disturbance created by men of this type. I remember on one occasion there was a good deal of trouble, and the foreigners in St. John's ward were by no means to blame.

The government will have to take the responsibility for any violations of the law to which this legislation may give rise. The responsibility is on their shoulders. I know of no reason why agitators who are British by naturalization should not be subject to the same deportation laws when they try to upset constituted government, and cause trouble in Canada. On the government of the day is the responsibility for maintaining law and order. In the British House of Commons the Right Hon. Sir John Simon recently declared himself strongly against the doctrines of communism as subversive of the state, and

expressed the opinion that in the last resort the Attorney General should prosecute whoever disseminated such doctrines. I agree with him. Colonel Grassett, a former chief of police of Toronto, on one occasion expressed the opinion that it is better to let agitators hold their meetings in the open rather than have them disseminate their noxious doctrines in secret meetings. The time has come when something should be done to regulate communism in this country. To-day there are Sunday schools in Toronto where communists are teaching their children these continental European doctrines —doctrines which are not British and are alien to the soil of Canada. It is the duty of the government to check such teaching. I believe in proper support for labour, but I venture to say that the real labour leaders of Canada do not approve of communism; they respect British institutions.

I submit, Mr. Chairman, that it is a retrograde step on the part of the government to introduce this bill. Section 41 of the act of 1919 is a very good section, and you might as well abolish the immigration officers altogether if you are not going to strengthen their hands in the larger centres of population. In this matter we should take a leaf out of the book of the United States. When the government of that country found a few years ago that Americans of Anglo-Saxon stock would soon be in a minority, they passed what is popularly known as the quota law, which limits the annual number of immigrants from any country. One thing you must respect the Americans for—they make everyone obey the laws. I repeat it is a retrograde step to repeal section 41 and substitute this section, which means nothing. I contend—

Mr. STEWART (Edmonton): It now being six o'clock, Mr. Speaker, I ask that the committee rise and report progress.

Mr. MEIGHEN: Before the committee rises, will not the minister admit that under the law as it stands the power of deportation applies only to a British immigrant during the first five years of his residence in Canada?

Mr. STEWART (Edmonton): Yes, once they become citizens you cannot deport them.

Mr. MEIGHEN: And they become citizens in five years or three?

Mr. STEWART (Edmonton): Five years is the shortest period.

Mr. GARLAND (Bow River): In that connection, is it not true that a man may remain in Canada six, eight or ten years without taking out papers—I know some do—and then be deported?

Mr. MEIGHEN: That does not apply here at all; that man is not a British subject. Once a British subject has been in Canada for five years the act does not apply.

Mr. WOODSWORTH: No one, according to the act, who belongs to the prohibited or undesirable classes within the meaning of section 41 shall be capable of acquiring Canadian domicile, and then the act proceeds to enumerate the classes of undesirables. So it does not make any difference whether such an immigrant is here for five years or twenty, he cannot acquire Canadian domicile.

Mr. MEIGHEN: That cannot be the effect, as is shown by the discussion in 1923

Progress reported.

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

After Recess

The House resumed at eight o'clock.

CANADIAN RED CROSS SOCIETY ACT AMENDMENT

Hon. E. M. MACDONALD (Minister of National Defence) moved the second reading of Bill No. 151, to amend the Canadian Red Cross Society Act.

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

On section 1—Disposal of property.

Mr. GUTHRIE: What is the object of this bill?

Mr. MACDONALD (Antigonish): I explained the purpose of this bill on the first reading. Under the act of 1909 incorporating the Red Cross Society, which was consolidated under the legislation of 1922, power was given to the Red Cross Society to hold and acquire property for the purposes of the society, but strangely enough, no power was given to the society to dispose of their property when they should find it necessary or advisable to do so. During the war, I am instructed by Doctor Robertson, who is head of the Red Cross Society, in different parts of the country the society acquired little pieces of property which in their own interests they desire to dispose of from time to time, and this bill simply gives them power to dispose of it as they see fit

Mr. EDWARDS (Frontenac): The same power as is enjoyed by other societies?

Mr. MACDONALD (Antigonish): Yes. There is nothing more involved in the bill than that.

Section agreed to.

Bill reported, read the third time and passed.

RAILWAY ACT, 1919, AMENDMENT

Hon. CHARLES A. DUNNING (Minister of Railways and Canals) moved the second reading of Bill No. 149, to amend the Railway Act, 1919.

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

On section 1—Apportionment of money of railway grade crossing fund.

Sir HENRY DRAYTON: We have had a very full discussion of this measure, but I think there is just one thing the minister was going to look into. It was the point raised by the hon. member for South Toronto (Mr. Geary). Has my hon. friend looked into that?

Mr. DUNNING: I have made some inquiries regarding the matter, more especially of the Board of Railway Commissioners, because of course their past practice with regard to this matter is important. I am informed that it has been the practice of the board to interpret section 262 liberally, and that following such practice each separation of grade—that is, each particular crossing of a highway by a railway, or vice versa, even though a number of such crossings be included in one work or project ordered by the board—would be treated as a crossing within the definition of the same in the act, and aid therefore could in each case be apportioned to the extent of 25 per cent of the cost thereof not exceeding $15,000, subject to the limitations in the act respecting the number of crossings in each municipality. That is the manner in which the board has administered the old provision, and I think it clears up the point.

Section agreed to.

Bill reported, read the third time and passed.

CUSTOMS TARIFF, 1907, AMENDMENT

Hon. GEORGE H. BOIVIN (for the Minister of Finance) moved the second reading of Bill No. 114, to amend the Customs Tariff, 1907.

[Mr. E. M. Macdonald.]

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

On section 1—British preferential tariff.

Sir HENRY DRAYTON: I suppose this relates entirely to the West India treaty, does it not? No, it has to do with our own ports.

Mr. BOIVIN: Yes, it limits the preference to our own ports.

Section agreed to.

On section 2—Schedule A amended.

Sir HENRY DRAYTON: I think this very largely refers to the West India treaty, does it not?

Mr. BOIVIN: Clause 2 contains the general changes. Of course some of these changes refer to the West India treaty.

Sir HENRY DRAYTON: I think we have an understanding with the Minister of Finance to the effect that these changes in connection with the West India treaty shall not come into force until the treaty is ratified.

Mr. BOIVIN: I believe that understanding is perfectly correct, with the exception of a slight amendment with respect to cocoa beans.

Before section 2 carries I beg to move an amendment to tariff item 626a, namely, that the enumeration of goods and the several rates of duties set opposite that item be struck out. This change was asked for by the maufacturers of men's and boys' hats in Canada who imported the hoods in the rough from foreign countries. It will be remembered that a slight change was made when the resolution was before the committee to meet the requests of certain Canadian manufacturers of the same kind of hoods. After that change was made and the bill was printed the manufacturers of hats who do not manufacture hoods represented to the government that they were being placed in a worse position than before. The striking out of tariff item 626a leaves the customs tariff absolutely as it was before and there is no change whatever in that regard.

Sir HENRY DRAYTON: The item is just dropped.

Amendment agreed to.

Section as amended agreed to.

On section 3—Schedule B amended.

Mr. BOIVIN: In regard to section 1055 there has been a request made to alter very

slightly the wording, and instead of using the words "when used in the manufacture of" in the first line, substitute the words "which enter into the cost of". Certain manufacturers in Canada represent to us that they must procure oils and machinery for the manufacture of these parts; that if they are not placed in the same proportionate relation to the imported parts as they are at the present time they will suffer hardship, and that therefore the machinery, oil and other materials required for the manufacture of these parts should be subject to the same drawback as the part itself, when it is imported by the Canadian manufacturer.

Mr. MORAND: Does that include the dies?

Mr. BOIVIN: Yes.

Sir HENRY DRAYTON: All machines used in the manufacture of automobile parts?

Mr. BOIVIN: Yes, they will be subject to the 25 per cent drawback upon the present rate of duty.

Sir HENRY DRAYTON: You should make it read, "All machines used in the manufacture of automobiles," because you cannot make automobiles without using parts.

Mr. BOIVIN: Yes, it would apply to both.

Sir HENRY DRAYTON: How many of these machines are at present made in Canada, dies and the like?

Mr. BOIVIN: I am not in a position to give that information, although I am told that the stamping machines are not manufactured in Canada at all at present, and it is precisely to cover the very expensive stamping machines that we are asked to make this amendment.

Sir HENRY DRAYTON: It is not limited to stamping machines?

Mr. BOIVIN: No. It is to cover all machinery used in the manufacture of the parts which may be imported into Canada with the 25 per cent drawback. The manufacturers of parts and the manufacturers of automobiles represent that if they are obliged to pay full rate of duty on the machinery which they must import they will be suffering a hardship of 25 per cent, and that they should enjoy the same proportionate advantage as the company manufacturing parts in the United States.

Sir HENRY DRAYTON: It hardly does that. I think the minister means that he puts them, having regard to the capital account necessary for their machinery and machinery supplies, in the same position as they are having regard to the drawback on the finished article.

Mr. BOIVIN: It has been stated in the department that if we leave in the section the words "when used in the manufacture of," it will mean the actual material which goes into the car itself, and that it would be clearer to substitute the words, "which enter into the cost of".

Mr. CANTLEY: I apprehend from what the minister says, that all machinery used in the manufacture of automobiles is now to go on the free list.

Mr. BOIVIN: Oh, by no means. A great deal of it comes in at 27½ per cent duty and perhaps more. This amendment would give a reduction of 25 per cent on the present rate of duty. In other words, the present rate of duty would be reduced by one-quarter when the machinery is used exclusively in the manufacture of automobiles.

Mr. CANTLEY: How are you going to protect the manufacturer of machinery for that loss of protection? Are you going to put him in the position he was in before?

Mr. BOIVIN: That is one of the difficulties of an intricate protective tariff, but the representations made to the government have been that the drawback clause would cause serious hardship to the manufacturers supplying parts to those car manufacturers who are now making 75 or 85 per cent of their car in Canada. If they could purchase the excess of the 40 or 50 per cent of their car, which must be of Canadian manufacture, in the United States cheaper than they could purchase the same parts here, they would naturally give the preference to the American market. In order to place the Canadian manufacturer of parts in a position to meet as far as possible that reduction of 25 per cent, it is only fair to give him a reduction of 25 per cent of the duty on his machinery. It is true, as the hon. member pointed out, that there may be a slight hardship in this for the manufacturers of machinery, but it must be remembered that they are not manufacturers of machinery for the purposes of the manufacture of automobiles only; that they have a very wide range of factories to which they can sell that machinery, and their loss of protection will only be one-quarter of the present rate of duty on machinery sold to the automobile manufacturers.

Mr. CANTLEY: I am thoroughly aware of that, but it means you are cutting away

the duty, first to help one and then to help another; the next thing we will have will be a reduction of duty on iron and steel entering into the cost of the machine to relieve the machine man.

Sir HENRY DRAYTON: It has gone already.

Mr. CANTLEY: No, not in regard to the makers of machines. The Bertram Company in Hamilton are making machinery of this kind. One-quarter of their protection is cut off; next you will take the duty off pig iron, and so it goes on in that way. Tampering with the tariff is like tampering with the truth, one lie necessitates another. When you thus tamper with the tariff you do injustice after injustice all down the scale.

Mr. BOIVIN: I agree with my hon. friend. The idea is to lower the cost to the consumer as much as possible and do as little injustice to the manufacturers as we can.

Mr. CANTLEY: It is always doing some.

Mr. MORAND: Will you give us a list of the things that enter into the manufacture of automobiles?

Mr. BOIVIN: My hon. friend is quite aware that that list would be very long. An enormous number of articles enter into the composition of an automobile, and it was for that reason that no definite attempt was made to make a specific rate of duty on each one of those parts and materials. Instead, it was thought best, in order to encourage as far as possible the manufacture of the car and of the parts in Canada, to give a rebate, and a slightly lower rate of duty to the manufacturers who would devote their entire energy to the manufacturing of all they possibly could in their own country. They are the only ones who will have any advantage from this drawback. Those who do not comply with the provisions of the new item and have their cars at least 40 per cent manufactured in Canada for the first year and 50 per cent after that, will not benefit by the drawback. I would say that I would hold up the legislation until Friday in an endeavour to give my hon. friend the list he has asked for, if that would be possible, but he knows very well that it would take a long time to get that information.

Sir HENRY DRAYTON: Of course one of the great difficulties is that of knowing where we start and where we stop in all these things. The minister will agree with that. It is extraordinary what a quantity of steel comes into this country for the purpose of making agricultural implements. Practically everybody is in the business and if they are in the business almost everything they turn out is for an agricultural implement. This is something you cannot police when you are looking after rebates on goods for distribution in your own market. Last year we imported something like $11,000,000 worth of steel for agricultural implements and it is safe to say that a good deal of that steel was used for something which was not strictly an agricultural implement. The steel companies have always complained that you cannot police this matter. We are getting more and more into that policy. My hon. friend is right; he cannot help it. The trouble is that the government started by laying down a policy and made some cuts without knowing anything about the matter. In that way they have caused a great deal of trouble and they are now trying to fix up their fences. It is a natural thing to endeavour to correct the harm we do particularly when the inevitable results unless we do that are shown.

My hon. friend ought not to think that the manufacturers of parts have a protective duty of 30 to 35 per cent on automobiles, because he knows that a very large proportion of automobiles are exported and there is a large rebate of duty on exports. The result is that if a manufacturer is exporting 50 per cent of his output, as regards his cost in purchasing parts the duty of 30 per cent on his parts drops down on his total business to 15 per cent. I think my hon. friend will follow me in that. As the matter now stands, that actual duty of 15 per cent, although an apparent duty of 30 per cent, will under this change become a duty of something like 11 per cent, or one-quarter off fifteen.

Mr. BOIVIN: The export is about 47 per cent.

Sir HENRY DRAYTON: I take 50 per cent for the sake of ease in calculation.

Mr. NICHOLSON: Under this item practically everything that goes into a machine shop, engines, boilers, lathes, drills, shears, shafting, boxes equipment of every description, will be subject to the drawback of 25 per cent in the duty. It means simply that a manufacturer of machinery of every description is going to be penalized to this extent. This is a case of endeavouring to transfer the burden from one man to another. There is not a manufacturer of machinery in this country who is not going to be hurt to that extent under this clause.

Mr. BOIVIN: If my hon. friends seriously object to the amendment I do not want to

press it. I proposed to insert it for the purpose of trying to assist Canadian part manufacturers. I am not doing this at all for the purpose of trying to place the responsibility on the other side of the House; I am willing to assume the responsibility. If my hon. friends think the item is too dangerous and we should not give this aid and assistance to the part manufacturers, I am willing to assume the responsibility not making the amendment. I am not asking anyone else to share the responsibility.

Mr. NICHOLSON: To start in this piecemeal business of attacking first one industry and then another and then to try to rectify something that should not have been done is not the way to proceed at all. We have no information before us except the general information that one has with regard to manufacturing business. Under this item the manufacture of machinery of every description will be subject to a reduction of 25 per cent in the duty. We have not the general tariff before us. It is impossible to state just what the effect of this will be; we do not know what effect it will have on the automobile industry, and because the government did wrong in attacking the automobile industry is no reason why we should continue to do wrong by attacking other industries.

Mr. CANTLEY: The minister has been exceedingly frank about the matter. This is going to open a very wide door and I think he would be wise to withdraw the amendment he proposes.

Mr. BOIVIN: I shall not press the amendment.

Amendment withdrawn.

Section 3 agreed to.

Sections 4 and 5 agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read the third time?

Sir HENRY DRAYTON: There is a matter that I would draw to my hon. friend's attention. I think he will agree with me that the third reading should stand.

Mr. SPEAKER: Next sitting of the House.

SPECIAL WAR REVENUE ACT, 1915

Hon. GEORGE H. BOIVIN (Minister of Customs and Excise) moved the second reading of Bill No. 115, to amend the Special War Revenue Act, 1915.

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

On section 1—Exception.

Sir HENRY DRAYTON: This is the section we were trying to define.

Mr. BOIVIN: Yes.

Section agreed to.

Section 2 agreed to.

On section 3—Excise tax on playing cards.

Sir HENRY DRAYTON: What will be the increase under this item?

Mr. BOIVIN: About $1,000.

Sir HENRY DRAYTON: What is the present turnover?

Mr. BOIVIN: About 150,000 dozen packs a year.

Section agreed to.

On section 4—Tax on sales by operation of law, etc.

Sir HENRY DRAYTON: The effect of this clause is to provide that in the case of property sold under lien the ordinary tax shall apply.

Mr. BOIVIN: Yes, or when the lien holder takes over and continues operating the business.

Section agreed to.

Section 5 agreed to.

On section 6—Fifty per cent of tax on canned fish.

Sir HENRY DRAYTON: That is the sales tax?

Mr. BOIVIN: Yes.

Section agreed to.

On section 7—Excise tax on carbonic acid gas removed.

Sir HENRY DRAYTON: This is merely one of the nuisance taxes which the minister is getting rid of. It brought in no revenue and he is right in abolishing it.

Section agreed to.

On section 8—Refunds of tax paid on ships' stores.

Sir HENRY DRAYTON: What is the purpose of this section?

Mr. BOIVIN: The purpose of the section is to encourage vessels to fit out in Canadian ports and to enable dealers to sell ships' stores on the same terms as a manufacturer or wholesaler. There is no sales tax on American goods sold in bond.

Sir HENRY DRAYTON: The principle here is the same as in the case of a rebate of duty on goods exported.

Mr. BOIVIN: Yes.

Section agreed to.

Sections 9, 10 and 11 agreed to.

On section 12—When sections 3, 5, 6 and 7 come into force.

Sir HENRY DRAYTON: There is no change here?

Mr. BOIVIN: No, it is merely fixing the time at which these sections shall come into force.

Section agreed to.

Mr. BOIVIN: I shall not ask that the bill be reported out of committee to-night. The Minister of Finance (Mr. Robb) is unavoidably absent, and while I do not know that he has in mind any changes, this is one of the matters which it was understood were not to be put through until his return. I have had the bill considered to-night merely to expedite the business of the House and I now move that progress be reported.

The CHAIRMAN: It is understood that all the clauses are carried. There remain for consideration just the preamble and the title?

Mr. BOIVIN: Yes.

Progress reported.

SUPPLY—WINNIPEG STRIKE

Hon. GEORGE H. BOIVIN (Minister of Customs and Excise) moved that the House go into committee of Supply.

Mr. PETER HEENAN (Kenora-Rainy River): Before the motion is carried I should like to have from the government a statement of its policy in relation to the despatch of troops into strike areas. In this conection I want to relate some of the circumstances that attended the strike in Winnipeg in 1919. On March 11 I stated on the floor of this House that troops had been sent into Winnipeg at the time of that strike, that shots were fired, and that a person was killed; and I added that had the then Minister of Labour exercised a little horse sense that strike could have been settled without any bloodshed. Now I desire to prove these statements.

I notice that the ex-Minister of Labour, speaking in another place, lamented the fact that he had left the files behind him when he left the department, but I want to assure him that the files are all right. They are intact, and to refresh his memory I shall quote several of his own telegrams and communications as taken from those very files. The strike occurred on May 15, 1919 and I find that on the previous day, May 14, General Kitchen, the commanding officer in Winnipeg, communicated with the secretary of the military council at Ottawa, advising that the mayor of Winnipeg had communicated to him his intention of calling upon the military authorities to take steps to protect property. So that we have evidence there that it was the intention of the mayor to seek the assistance of the military authorities.

On May 19, four days after the strike was declared, General Kitchen wired from Winnipeg to Military Headquarters at Ottawa:

> At the request of the mayor and on his written statement that he anticipated disturbances beyond the powers of civil authorities to deal with, a percentage of the active militia has been called out.

In that comunication he enumerated the different battalions, eleven in number. So that right at the outset we have evidence that the militia had been called out. On the 15th of the month, the day the strike took place, instructions were sent for a squadron of the Northwest Mounted Police returning from overseas, to be demobilized at Winnipeg and handed over to Commissioner Perry. Later this was done. Consequently during their term of duty in Winnipeg they were members of the mounted police and not of the Canadian Expeditionary Force. In other words, Mr. Speaker, the authorities were camouflaging and pretending that these men of the Canadian Expeditionary Force were members of the mounted police because of the fact that they had been demobilized—and for a purpose.

On May 20 General Kitchen wired for authority as to the source of pay for the militia units that he had called out or of the portion of the units that might be used in the course of the strike. On the same day he was advised that the pay would come from the military authorities.

On May 22 the Adjutant General sent a message to General Kitchen that the Hon. Mr. Meighen and Senator Robertson were convinced by the Citizens Committee of Winnipeg that a certain officer at the head of the militia should be relieved and his place taken by some other officers whose names they suggested. On the same date a message was sent by General Kitchen to the acting prime minister and the military authorities at Ottawa reporting that everything was quiet in Winnipeg, that there were no signs of disturbance, but asking that extra Lewis guns be furnished and forwarded to Winnipeg under guard. It rather looked as if everything was not so quiet.

On May 23 General Hill was ordered to go to Montreal to meet the 27th battalion, explain the situation at Winnipeg, and ascertain whether the whole or a portion of that battalion would consent to remain on duty during the period of emergency in Winnipeg. He was also advised that an officer would report to him at Turcotte yards, near Montreal, at 3.30 a.m. on the 24th instant with eight Lewis machine guns packed in ordinary packing boxes and marked regimental baggage, 27th Battalion." These were to be placed on the first train carrying that unit and delivered to the officer commanding military district No. 10 on arrival. The message continued:

An officer will deliver twelve Lewis guns similarly packed and addressed at Smiths Falls on arrival of the first train. It is desired that these guns reach Winnipeg without anyone being the wiser.

If the then Minister of Labour did not know what was going on he should have known, because his government was doing this.

On May 25 Senator Robertson wired for the information of council that in his judgment:

This is not an opportune time to make a declaration in favour of principle collective bargaining as it would be grasped as an excuse by strikers to claim they have forced the government and thereby proved success of sympathetic strike.

In the same message he added:

I anticipate that the general strike will either be called off very shortly or a last desperate move made to make it successful. If it proves a failure the One Big Union movement intended to be launched at the Calgary convention on June 4—

That is, about ten days ahead.

—will I think also fail. These are my personal views expressed in Mr. Meighen's absence and for the information of council.

I said the other day, Mr. Speaker, that had the then Minister of Labour used a little horse sense the strike could have been settled without bloodshed. The strike was called on May 15, and everyone that had anything to do with it said that it was for the purpose of maintaining the principle of collective bargaining. Yet on May 25—ten days afterwards—it appears that some of his colleagues in council here had been advising him to make a declaration in favour of the principle of collective bargaining, but Senator Robertson at the time apparently put his own views before those of some of his colleagues and said that this was not the proper time to make such a declaration. His only excuse was that he was afraid the strikers would be encouraged to prolong the strike. I submit that right there and then he had the greatest opportunity of his life, either to call the bluff of the strikers if he thought they were bluffing, or to settle the strike; but he failed to do so.

On May 26 General Kitchen reported the arrival of the 27th battalion in Winnipeg, and that he was conferring with General Hill that evening. He added:

The machine gun section was in serviceable condition.

Now, Mr. Speaker, the ex-Minister of Labour in another place stated that on his honour as a minister of the crown there was not one soldier sent into Winnipeg. Well, there we have the acknowledgment of the arrival of the 27th battalion with twenty Lewis machine guns. I do not know how he harmonizes those two conflicting statements.

On May 26 General Kitchen communicated with the Prime Minister and others that after conferring with the ministers who were in Winnipeg—that is, Senator Robertson and Mr. Meighen—the only solution to his mind was to have the agitative leaders arrested for instigation and intimidation. He continued:

If this was possible I consider the bottom would fall out of the movement to tie up the whole country by a sympathetic strike.

On May 27 Senator Robertson again wired council that labour leaders were frantically endeavouring to camouflage the issue by attempting to contend for the recognition of collective bargaining, and that "General Kitchen's arrangements were both adequate and admirable." In the first place, he had refused to make a declaration in favour of the principle of collective bargaining, and two or three days afterwards he pointed out that the strike leaders were camouflaging, yet he did not use enough horse sense to call their bluff. So I repeat my statement that had he used a little horse sense he could have settled the strike without one shot being fired and without any bloodshed.

On May 31 General Kitchen wrote to the Minister of Justice, that Mr. Meighen, and Senator Robertson had arrived in Winnipeg on May 22, and that Mr. Meighen had issued a proclamation to the postal service on strike warning them that all employees would be given until 11 a.m. on the 26th of May to return to duty, that after that date such as did not accept the offer would be dismissed and debarred from further employment in the postal service, and that the vacancies so caused would be immediately filled by the selection of suitable volunteers.. During the last election, Mr. Speaker, the late Minister of Labour, Mr. Murdock, was very properly ridiculed for

9 p.m.

telling the post office employees at Toronto "They could stay out until hell froze over." This is a similar expression, in effect that if they did not accept the position by a certain date they could also stay out till the same place had frozen over.

Then there was a certain time which was apparently utilized to beat the strikers rather than to settle the strike. On June 5th, Senator Robertson wrote a letter giving permission for 44 porters to be brought in from the United States to take the place of the Canadian Pacific Railway men on strike. On June 7th, Mr. Andrews of Winnipeg, who was acting for the Justice department, wired Senator Robertson giving details of an offer of the metal employers to settle the strike. Here was an opportunity to settle the strike at the instance of the employers themselves.

On June 9th a message was sent by a gentleman who I understand was a member of this House at that time, Mr. Allan, interfering in the matter. He wired to a gentleman by the name of Nanton—I think we all knew Sir Augustus Nanton—as follows:

> Feel strongly company should adhere to refusal mediator's proposal collective bargaining and that sympathetic strike should be called off before negotiations are resumed. Understand citizens' committee and companies agreed sympathy strike cannot be allowed wholly or partially to succeed.

In other words, they were more interested in breaking the strike than in settling the strike. Evidently the interference had some result, because on June 10th Sir Augustus Nanton answered Mr. Allan—and by the way, through the military sources here—to the effect that all sympathetic strikes must be called off as a preliminary to any further negotiations, and Senator Robertson was again called on to use all his influence in the matter.

On June 9th evidently there were some members of the government here at Ottawa who did not desire the strike should be called off, because I find here a message from Mr. Meighen to Mr. Andrews advising that certain legislation was likely to be introduced—we were discussing some of that legislation today—and it seemed to him—Mr. Meighen—that the settlement on the terms proposed would be a triumph for the strike leaders. In other words, members of the government here at Ottawa were not anxious that the strike should be settled or that the plans the employers had submitted should be accepted.

On June 15th, Senator Robertson wired the Prime Minister that owing to the failure of mediation proceedings and the strike extending to the train service men a clear-cut definition and declaration on the question of collective bargaining seemed to be justified, and that such was submitted to the metal trade employers and had been accepted. After he had refused to make this declaration on May 25th, he now considers, on June 15th, that this is the opportune time to make the statement he should have made long before. He advised further in that telegram that further action outlined in the telegram of the 13th was likely to be taken within the next twenty-four hours, "which we anticipate will result in speedy and satisfactory conclusion of the trouble here." In other words, he was advising that there would be arrests of some of the men within the next twenty-four hours, and within the next twenty-four hours ten men were arrested.

On June 17th, Senator Robertson wired the Prime Minister pointing out the importance of providing machinery for the deportation of undesirables, also advising him of ten arrests on the previous night, and that the Labour temple and several Labour halls had been searched for printed literature and records.

On June 17th, the day after the arrests, Mr. Meighen wired from Ottawa to Mr. Andrews in Winnipeg questioning the legality of the arrests, and pointing out that the arrests had been made without proper authorization, but that the proper authorization was being immediately despatched. In other words, the men had been arrested illegally, but once arrested the government was going to make their arrests legal. Mr. Andrews got a slight slap on the wrist there from (Mr. Meighen), and answering the Minister the next day he practically blamed the whole situation on Senator Robertson. He said:

> Everything I have done has been at the suggestion of Senator Robertson, but because it might weaken his position with Labour I have taken the full responsibility for the Justice department.

In other words, Senator Robertson was in politics, and if he had done anything along these lines it might have weakened his position with Labour if it had been found out, so they had in Winnipeg, acting for the Justice department, another gentleman, who was not in politics, and who took full responsibility in order to save Senator Robertson in a political way.

On June 17th Mr. Meighen wired to Mr. Andrews that although he had himself questioned the legality of what had been done, it was all right anyway. He said:

> Notwithstanding any doubt I have as to the technical legality of the arrest and the detention at Stony Mountain, I feel that rapid deportation is the best course now that the arrests are made, and later we can consider ratification.

In other words, legal or not, the arrests had been made and the government were determined to get these men out of the country, and later ratify the action that had been taken. We were discussing a bill here this afternoon, in a camouflaged sort of way which does not go to the kernel of the matter, for the legislation was put there for no other purpose than to break the strike in 1919.

On June 17th Mr. Calder wired to the head of the mounted police in Winnipeg:

> You are hereby authorized under section 42 of the Immigration Act to take into custody and detain for examination for the purposes of deportation the several persons referred to in your telegram of the seventeenth.

In that he was authorizing the arrest and detention of men after they had already been arrested and detained in Stony Mountain.

Again, on the same day Mr. Meighen wired to Senator Robertson advising delay in arrests, in which he said that the provincial government had so advised. "Authorization depends wholly on you." In other words, Senator Robertson was in Winnipeg with full authority in regard to the arrests, but in view of the fact that the provincial government advised against the arrests Mr. Meighen wired to Senator Robertson that authorization depended wholly upon him, the Minister of Labour. On the same date Mr. Calder wired to Judge Robson as follows:

> Message received. If Senator Robertson has not left, please get in touch with him immediately as local representative was directed, to obtain his approval for any action contemplated.

Again putting the whole responsibility on Senator Robertson, the then Minister of Labour. On June 18th Senator Robertson wired the Prime Minister reporting: everything quiet in Winnipeg and that "our action has proved effective and satisfactory to citizens generally and will be wholly justified." He asked in the same message that certain amendments to the Criminal Code be hastened, as Commissioner Perry, of the northwest mounted police, might desire to take general action throughout western Canada at an early date. Having arrested ten men illegally and put them in Stony Mountain penitentiary, having conquered Winnipeg, as it were, he was now prepared to attack the whole of western Canada. He therefore asked for certain legislation to be hastened so that he could get out on the war path again. On June 19 the Prime Minister wired Senator Robertson as follows:

> Thanks for various messages and especially your telegram of yesterday. Pray accept warmest congratulations upon your masterly handling of a very difficult and complicated situation.

So that apparently the whole proceedings had the blessing of the Prime Minister and the government generally. But two days later something serious happened. I have led up to the point where a situation occurred that is deplorable to think of. On June 21st a message was received here in Ottawa to this effect:

> Serious riot started at 2.45 p.m. Mounted police turned out and now engaged with crowd. Mayor read Riot Act and called on militia. Turning out at once.

So it happened that the militia were used. On the same day there was a message from Mr. Andrews to Hon. Mr. Meighen in reference to the strike, in which he stated:

> I think, however, if we had not admitted to bail riots would have been participated in by strike committee who I believe, did all in their power to prevent red soldiers parade which started riot.

I want to draw this to the attention of hon. members: The strike committee were blamed for causing a riot. The ex-Minister of Labour, speaking in another place on the 12th of May, went on to say that the committee of the strikers with whom he had been negotiating at an hotel left the hotel with the statement that they were going out to fight that afternoon, and one of them said, "No, we don't want anything to eat; we can fight better on an empty stomach." Nevertheless we find the general officer commanding in Winnipeg making this statement in a telegram to the Hon. Mr. Meighen: "I believe the strike committee did all in their power to prevent the red soldier parade which started the riot." On the other hand Senator Robertson is found declaring in another place that the strike committee were prepared to fight on empty stomachs.

Mr. MANION: In the riots the hon. member speaks of were any people killed?

Mr. HEENAN: Yes.

Mr. MANION: How many?

Mr. HEENAN: One.

Mr. MANION: Were there any others killed during the strike in addition to that one person?

Mr. HEENAN: Not that I know of. I do not mind any hon. gentleman asking questions. May I say just at this point that I was in Winnipeg. I have been in the labour movement all my life, and have been at the head of every union with which I have been identified locally and I never was on strike one day in my life. I was more interested in an honourable settlement of this strike at that time than I was in anything else. But when it comes down to placing the respon-

sibility for certain occurrences that took place at that time I am going to state the facts no matter who is injured by it.

Senator Robertson in another place made the assertion that I had made a false statement on the floor of this House knowing it to be false, and that I did so for a malicious purpose.

Mr. MANION: My hon. friend has invited questions; may I ask him one more? Was it the troops or the mounted police that did the killing?

Mr. HEENAN: If my hon. friend had been following me he would have gathered that a squadron of mounted police arriving from overseas had been demobilized in Winnipeg so that they would not be known as soldiers but as mounted police. They were the men that did the shooting. If my hon. friend will just give me time I will cover all those points as I go along.

Mr. SPENCE (Parkdale): What do you hope to accomplish by rehashing this matter of the Winnipeg strike? You are simply creating bad feeling in this country.

Mr. HEENAN: I hope to vindicate my honour in the face of the charges made against me.

Mr. SPENCE (Parkdale): It was nothing but an attempt at revolution, that is all it was.

Mr. HEENAN: On what do you base that opinion?

Mr. SPENCE (Parkdale): Everybody is of that opinion.

Mr. HEENAN: I will tell you what it was: A straw man was simply put up for the purpose of knocking it down. That is all it was. I never heard anything so ridiculous in my life as the suggestion that there was an attempt at revolution in Winnipeg. The 27th battalion with twenty machine guns were there, and yet the ex-Minister of Labour made the statement in another place that not one soldier was called upon. This is the gentleman who charged an hon. member of this House with making a malicious statement knowing it to be false. Do hon. gentlemen opposite think that I have no honour or self-respect?

The ex-Minister of Labour in another place made a statement to the effect that there were men on the tops of buildings and other very secluded places firing rifle or revolver shots at the mounted police. There is on record a report from one of his own men who states the circumstances under which the shots were fired. I cannot pronounce this man's name, no Irishman in this country could pronounce it. The initial of his Christian name is all right. It is "P". Whether that is "Patrick" or not, I do not know. The surname is spelled in the following manner—G-u-g-e-y-e-z-u-c-k.

Mr. JACOBS: Can you sneeze it?

Mr. HEENAN: The ex-Minister of Labour eulogizes this individual in another document as one who could be depended upon and recommends that he be given extra pay for his work during the trouble. This man had been reporting regularly. Two days after the strike, on the 23rd of May, he states:

> The authorities were well prepared to stop any disturbance. At 2.30 they began to gather around the market square. The Royal Northwest Mounted Police and special police came up to keep order and stop the parade. As soon as they were near the crowd many stones and bricks were thrown at them and yelling "boo-hoo". In reply to this the mounted police started shooting. There was one killed, thirty were injured and about one hundred arrested.

Instead of firing revolver shots from the tops of buildings, as the senator says, somebody shouted "boo-hoo". Then the mounted police started shooting and killed a man.

Mr. SPENCE (Parkdale): They did fire a revolver shot and threw two brickbats. I was there myself at the time.

Mr. HEENAN: What is the government doing in this connection? I ask the government to amend the act so that no soldiers can be sent into any strike area, except on the responsibility of the government. I do not believe we should allow orders to go round this country promiscuously, requiring soldiers to go into any of these areas. I think I have proved conclusively that the Minister of Labour did on a whim of his own, against the advice of some of his own colleagues, prolong the strike by refusing to declare in favour of collective bargaining. I think he says himself it was in the interests of the international unions. Speaking in another place the hon. minister said that the hon. member for Kenora-Rainy River, who was a young member in the House, should confess his indiscretion in making such statements, should admit the truth and thus apologize. In speaking to the House I have left out a lot of quotations from statements from the files because I think it is in the interest of the country not to use them.

In conclusion I have one apology to make, and that is that I was one of the men who was instrumental in recommending to the Prime Minister the appointment of Senator

Robertson to represent Labour in the Senate of Canada. I have now to apologize and say that we appointed a man who became a misfit, and through his indifference actually caused the riots in Winnipeg. I repeat again that he used a little common sense—

Some hon. MEMBERS: Order, order.

Mr. SPEAKER: I would remind the hon. member that the gentleman of whom he is speaking is a member of the Senate. According to our rules decorum must be observed and no expression imputing discredit on a member of the House of Commons or member of the Senate should be used. The hon. member used the expression "misfit" and applied it to a senator. I do not think the expression is parliamentary, and I ask the hon. member to withdraw it.

Mr. HEENAN: I withdraw it; I am sorry I used it if it is against the rules. But I think someone should communicate to the other chamber and inform them of the rule, so that the same order might prevail over there. I do not think a member of the House of Commons, who has to go before the electors, should be spoken about in the way I was spoken about by a member of the Senate who feels a certain amount of security, in that he does not have to face the electors. I do not want to dictate to the Speaker, but I feel that in all fairness he should communicate to the Speaker of the Senate the ruling he has just given. I am perfectly willing to abide by it. The ruling is a proper one.

The strike we have been discussing should have been settled, but the whole negotiation leading up to the riot was carried on in a manner to prevent its being settled. I do not think anyone could rely on the information the commanding officer was receiving from different sources, because I find in the documents that he had secured a man to go amongst the labour unions as one of them, to find out what was going on and report to the officer. He was paid $75 a week on account of the danger of the job. But, hon. members will note that the officer had so little confidence in that man that he had to employ another man at $50 a week to check him up for fear he would be double-crossed. That is the report received from the general officer commanding at Winnipeg. If I had been an officer of the crown receiving the reports here, I would have been afraid there was actually a revolution of some description in progress in Winnipeg. I say there was no sign of a revolution, and when the minister went up there for the purpose of settling the matter, if he had really attempted to settle it or was desirous of settling it, he could have done so without the delay that actually did occur in bringing about a settlement.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): This afternoon, when the hon. member made somewhat lurid threats that he would bring this matter up at some time, I anticipated that he would be referring to it; and inasmuch as at the moment I challenged the correctness of the statement he made I thought he might do me the ordinary courtesy of advising me when he intended to bring the matter before the House. On the contrary, he chose a time when it was almost impossible for me to be here to hear him.

Mr. HEENAN: In explanation I may say that I said I would take it up at the first opportunity.

Mr. MEIGHEN: I did not know what would be the hon. member's first opportunity, consequently I am in the position of not knowing precisely what the hon. member's words were. As I went to Winnipeg at the time with the Minister of Labour of that day, and had to do with all with which the Minister of Labour had to do, I am tolerably familiar with the circumstances, and in referring to those circumstances, speak only under the handicap of the time which has since elapsed.

I have just had the opportunity of reading what was said in another place by the Minister of Labour at that time. Only now have I had the time to read it, and I hasten to say that what was said by the Minister of Labour in another place was, in every line of it, correct. No troops whatever were ordered into Winnipeg by the government or anybody else at the time of the strike in 1919. Not only were none ordered in, but none went in and none had anything to do with the labour trouble. There were troops in Winnipeg at the time. They were never used. There were some troops who enlisted voluntarily, because the citizens of Winnipeg were not allowed to attend to their own ordinary duties, and they deemed it their first immediate task to try to protect their city. There was nothing else they could do anyway, so that they were all the more ready to protect the city from the danger they felt it was in. As a consequence somewhere in the neighbourhood of from 2,000 to 3,000 enlisted in the unit whose headquarters was in Winnipeg, under the permanent officer of that unit, just as any citizens have a right to enlist.

Mr. MANION: Just as they did in England the other day.

Mr. MEIGHEN: Yes, just as they did in England, under circumstances much less crucial than existed in Winnipeg at this time. Those troops who so enlisted, citizens of Winnipeg, were never requistioned and never took any active part. They were merely held in reserve to support the civil authorities should that support be found necessary. I think I have already referred to, and under the circumstances I feel justified in repeating, a report which I received. While I have not the authority of the party making the report to give his name, I feel I could get it; but I say to the House that it was one high in authority. I wrote to him for a report on the matter and I have a copy of it before me. I will ask the House to accept my word that he was one high in the militia of Canada and that he was on the ground. I do not know that the hon. member will accept my word.

Mr. HEENAN: Why not?

Mr. MEIGHEN: Possibly he will. If so, he will have to retract a great deal that he said. The writer of the report says:

I have been away for some little time, and so I trust you will please excuse the delay in replying to yours of the 20th October.

In reply to your request, I may say that no troops were either sent in or brought into Winnipeg for use in connection with the labour troubles of 1919 from any outside points.

One battalion of infantry, returning from overseas—the 27th City of Winnipeg Battalion—whilst on its way to Winnipeg for demobilization purposes was authorized to be kept on for duty during the tenure of the strike, but I did not consider this was necessary and it was demobilized the same day it arrived.

Mr. HEAPS: What is the date of the report?

Mr. MEIGHEN: Fourteenth November, 1923.

With regard to troops in Winnipeg at the outbreak of the strike, there were only a small number of infantry, mostly conscripts, in the 10th Garrison Battalion, and two troops of the Depot Squadron of the Fort Garry Horse. These were not demobilized for a month or two after the strike was over, as they composed the ordinary local garrison at that time. They did, and would, have carried on this duty irrespective of the strike.

Apart from the above some 3,000 or so local active militia were called up and organized for the protection of property and the upholding of law and order if necessary. These consisted of citizens who joined the local active militia for the period of the strike. No troops were called in from outlying districts. The available troops, as above mentioned, were held in readiness for any emergency which might arise, and were actually turned out on the requisition of the mayor of Winnipeg on the last Saturday in June, 1919, just previous to the break-up of the strike. On that day, two troops of the Royal Canadian Mounted Police, which were at that time stationed in Winnipeg, and being a civil force, were first used to quell the disturbance, being supported on the streets by the military forces above mentioned. The only actual use of the militia necessary, however, was a demonstration in force, and to be held in close support of the Royal Canadian Mounted Police as above mentioned.

This is precisely what I have stated to the House on previous occasions, and it agrees fully with what was said in the other place by the party so bitterly attacked for saying it by the hon. member this afternoon. I do not think it does any good to recall now and seek to become very brave over the Winnipeg strike, seek to point out that all was just a tempest in a teapot, really nothing. I assure the House that any hon. gentleman who had responsibility at that time would not take quite so lightly the circumstances which presented themselves.

Winnipeg was in charge of a strike committee; not a child could have milk to drink except by permission of that strike committee. The regularly constituted authorities were no longer in control in connection with the distribution of necessities. If that is a state of affairs to be sneered at and considered quite the incident of a day, well and good; but I would never care to be a member of a government which so regarded anything of that importance.

I went there with Senator Robertson and because hon. members will recall that in those days the whole atmosphere differs from that which exists now and which indeed existed two years afterwards, we found many employees of the government had joined in the movement of the hour and become strikers too in sympathy, though professing no grievance of their own. I felt—and in this the other members of the government concurred—that it was impossible to tolerate such a situation; that it would never do for the government of Canada to recognize the right of employees of this country to strike in sympathy with any other strikers engaged in ordinary employment, factories or the like, where the employers are engaging them for the sake of making a profit from their labour; that we never could tolerate the principle at least of a sympathetic strike on the part of the civil service of Canada.

I do not think there are any who take their duties very seriously in this House who would for a moment contend that any government could tolerate on the part of the civil service a sympathetic strike. I do not know but what the majority of this House would go further and say that doing our duty to the people of Canada we should not recognize the right to strike on the part of the civil service. The civil service differs from all others that are employed in this country for the sake of profits out of their labour. The

element of profit does not come into the civil service at all; it is because of that element of profit and therefore because of the object to be served by unjust wages to the servant that the right of the labour union or of labour outside of a union to strike is recognized by the state. But I do not need to go further into that point. Suffice it to say that we determined we would be truants to our trust, unworthy of our responsibility, if we tolerated for a moment the principle of a sympathetic strike on the part of the civil service of the country. We therefore notified all who engaged therein that they would be given sufficient time to return to work and that if they did not return within that time they would be considered out of the service. By that order we stood and the execution of that order was effective, was a strong and potent factor, in determining the issue of that crucial struggle.

It is all right for hon. members to come back some years afterwards and say: Oh, there was nothing very important concerned; you went into a great stew over it. Suffice it to say this: There were some arrests made. Those arrests were not made for any violation of any recently enacted law. No charge was made for violation of such a law. I do not recall the number, but either seven or eight were arrested at the instance of the federal government. All were convicted save one and he was convicted of being a nuisance. The others were convicted of offences against the Criminal Code, offences that had been standing for years and decades in this country, which had been standing as offences since Canada was a country at all. They were convicted by a jury of farmers after a long and fair trial at the hands of a conscientious judge. Such was the result. I fancy it was the duty of parliament to accept the verdicts of the courts as right unless those verdicts are challenged. The verdict of the court is some evidence of the character and the peril of the situation which prevailed in Winnipeg at that time. Its results penetrated far into the country. Many were seriously affected in carrying out their ordinary occupations by the system of semi-terror which was then instituted. Having performed our duty as we thought right and, as I think the event showed, successfully, we returned. And I hope I shall be forgiven if I observe that, with all the facts before him, knowing just what we had done, especially in relation to the civil service, the first man in the House of Commons who came to see me, for the purpose of thanking me for what had been done in Winnipeg and of expresing appreciation of the manner in which the situation had been handled, was the late Minister of Finance, the Right Hon. Mr. Fielding.

Now, as to the work of Senator Robertson, there are few with whom I have been associated for whose integrity of purpose, for whose common sense, for whose power to measure circumstances and to apply to them the necessary and no more than the necessary action, have I a more profound regard than I have for these qualities in Senator Robertson. For any step which he took, I make myself just as responsible as he is. The hon. member says that he recommended Senator Robertson for Minister of Labour at the time—or was it for the Senate?—and that he now has a different view. Well, this is not the only subject on which the hon. gentleman has changed his mind. This is not the only occasion on which his colours in other respects have changed, and I can only hope that in the not distant future the position which he chooses to take at this time—for what purpose I do not need to inquire—will be altered as well, and that when he addresses the House on this subject again he will not only present a case stronger in point of the real interests of the nation, but will also express opinions more worthy of a member of parliament than were the opinions he uttered this afternoon.

Mr. A. A. HEAPS (North Winnipeg): I had no intention when I came to Ottawa to discuss the subject which has been brought up to-night.

Mr. FOSTER: Don't do it, then.

Mr. HEAPS: I am not disposed to accept the advice of hon. gentlemen opposite. I will follow my own inclinations on this occasion and will continue to do so so long as I am a member of this House. The subject having been brought up without my knowledge or consent, I feel compelled to reply to some of the remarks made by the leader of the opposition (Mr. Meighen). I think I know as much about the conditions in Winnipeg at that particular time as does any man in this House.

An hon. MEMBER: You ought to.

Mr. HEAPS: Yes. And I hope that hon. gentlemen who say I ought to know will accept my statements as facts.

Mr. CHAPLIN (Lincoln): Not necessarily.

Mr. HEAPS: One of the statements that fell from the lips of the right hon. leader of the opposition was the fact that all of the eight men who were arrested were convicted. That statement is not correct.

Mr. MEIGHEN: I said, at the instance of the federal government—all but one.

Mr. HEAPS: I was arrested at the instance of the federal government and was tried along with the rest of those men, and I was not convicted; I was acquitted. If the right hon. gentleman's other statements are on a par with that—

Mr. MEIGHEN: Was not the hon. gentleman tried with Mr. Dixon?

Mr. HEAPS: No, I was tried along with the eight, "the famous eight," as they were called.

Mr. MEIGHEN: Seven out of eight is a pretty good proportion.

Mr. HEAPS: That does not alter the fact that the statement is inaccurate. As I say, I was acquitted, and I have no wish to dispute my having participated in the strike. I did, and I have no regrets to express and no apologies to offer. That strike in Winnipeg was an ordinary, peaceable strike.

Some hon. MEMBERS Oh, oh!

Mr. HEAPS: I suppose hon. gentlemen opposite must have been reading the newspapers in Ontario. They derive their education from that source and I am sorry for them.

Mr. MULLINS: I was in Winnipeg at the time and was not reading any Ontario papers, and I can assure the hon. gentleman that my food supply was cut off. It was no ordinary strike.

Mr. HEAPS: I will discuss that point later. Let me say that the evidence submitted by the crown—and I listened to that evidence, not for weeks, but for months—and the tactics which were adopted to ensure the conviction of the accused persons on that occasion would have done justice to the days of Judge Jeffreys. The trial was not such as one would have expected to find in a court in Canada in 1919. There were 250 jurymen—

Mr. SPEAKER: I do not know whether I quite caught the remarks of the hon. member, but I may advise him when refering to the crown he should not use any derogatory language.

Mr. HEAPS: If I have unwittingly transgressed the rules of the House, Mr. Speaker, I unequivocally withdraw any statement that may be in any way offensive. I am always willing to abide by the rules and by the decisions of the Chair, and I do not quibble when withdrawing objectionable remarks. I accept the ruling of the Chair unreservedly, and I trust that other hon. members in the House will do likewise.

Now, the leader of the opposition referred to the convictions which were obtained at that trial. I claim the right to reply to the right hon. gentleman on this score. As a general rule, in the province of Manitoba, the jury panel comprises about forty-eight persons, and I would point out that in this particular trial 250 jurors were empanelled. Moreover, before these jurors came into court the Royal Northwest Mounted Police had been around inquiring into all of their antecedents.

An hon. MEMBER: Perfectly right.

Mr. HEAPS: Perfectly right?

Some hon. MEMBERS, Hear, hear.

Mr. HEAPS: Well, if that is the attitude of hon. gentlemen it seems to me it would be absolutely impossible to secure fair trials. What is more, the government of that day paid three-fifths of the costs incurred in connection with that jury—another very unusual proceeding. Again, they paid the costs of the lawyers engaged in the prosecutions. Why? Because they could not get the province to pay them. The provincial government were not in favour of the proceedings taken by the Dominion government.

Mr. MEIGHEN: Did they not prosecute some of the men, too?

Mr. HEAPS: They may have done so, but I am pointing out who paid the costs.

Mr. MEIGHEN: The hon. member knows they did, the only difference being that whereas they failed we succeeded.

Mr. HEAPS: Perhaps the right hon. gentleman will be satisfied if I cite some of the costs paid by the federal government on that occasion. The total amount of the costs in connection with the lawyers and others taking part in the trials was $180,259.38. That is what some of the lawyers got out of the strike in return for their patriotic services. The firm represented by one particular lawyer received, according to the statement I have here, $19,374. That man was in receipt of between $150 and $175 per month from the firm for whom he was working.

Mr. FOSTER: Who was it?

Mr. HEAPS: I am willing to let my hon. friend see the statement, but I do not wish to make the gentleman's name public. The fact, however is as I have stated. One lawyer, A. J. Andrews, received $32,623; another,

[Mr. Meighen.]

$3,399; another; $26,990, and still another $21,-587. All this money was paid for just a few months' service.

Mr. MANION: Has the hon. member the figures paid by the present government last year in fees to a lot of Winnipeg lawyers for doing work down here?

Mr. HEAPS: There is no comparison between the work of the lawyers engaged in those prosecutions and the work of legal gentlemen who came from Winnipeg to Ottawa at the request of the Dominion government.

Mr. MANION: They were pretty big figures last year, I remember.

Mr. HEAPS: I think the hon. member for Fort William will readily understand that the two situations were entirely different. One was an invasion of provincial rights—the counsel were there without the authority or sanction of the provincial government of Manitoba; in this case they came down to assist parliament.

For the moment, however Mr. Speaker, while it is fresh in our minds, I should like to compare the action of our government of 1919 with that of the British government recently under somewhat similar conditions. When the sympathetic strike was called off a few weeks ago, what happened in Great Britain? His Majesty the King and Premier Baldwin each made public announcements asking both sides to the disputes to forget the past and look towards the future. But what happened in 1919 in the city of Winnipeg? Forget the past? Oh no. They went at it as hard as they could and did things there which I feel sure hon. members who had a hand in them must now feel somewhat ashamed of. They speak of law and order. Constitutional government has been referred to very often this afternoon. Let us again consider the message read a few minutes ago by the hon. member for Kenora-Rainy River (Mr. Heenan) and see who was acting unconstitutionally on that occasion:

Notwithstanding any doubts I have as to technical legality of arrests—

In other words, the sender of this message had legal doubts whether or not those arrests were in order.

—and detention at Stony Mountain—

That is, the sender of this message doubted whether it was legal to place those men in Stony Mountain.

—I feel rapid deportation is best course—

In other words, the right hon. gentleman who sent this message said: Now, whether these men had been arrested legally or illegally in his view the course to pursue was to have them deported. But here is the worst part of the message:

—now that arrests are made and later we can consider ratification.

That is: Arrest the men, keep them in jail, deport them, and if it is illegal, well we will get parliament to ratify our action. In other words, parliament was to be a rubber stamp for the right hon. gentlemen who sent that message to the city of Winnipeg. Who was the author of this message? The Right Hon. Arthur Meighen. He sent that message on June 17, 1919 to A. J. Andrews, a lawyer in the city of Winnipeg. I do not think the right hon. leader of the opposition will care to deny the authorship of this telegram. Yet it has been claimed in this House on several occasions that the men who took part in the Winnipeg strike were acting unconstitutionally!

Now, Mr. Speaker, I want to say that no child in Winnipeg so far as I know suffered during the strike for the want of a drink. I heard witnesses give evidence on that occasion, and I heard the manager of one of the largest creameries in the city say: So far as we are concerned there was neither a shortage of milk nor a shortage of water. I claim that if there was no shortage of these liquids in a creamery, there certainly was no shortage anywhere else in the city.

An hon. MEMBER: What about bread?

Mr. HEAPS: Why did the shortage of bread come about? If the bakers ceased operations there was no reason why the people should go without bread; they could have done the same as my wife did—bake their own bread. When a strike takes place there is bound to be a shortage of various commodities. What happened? The men and women in Winnipeg withdrew their labour. Thereupon there was bound to be a shortage of some things, just the same as in Great Britain recently when labour was withdrawn there ensued a shortage of commodities, and trains ceased to run, mines to operate. Those things that function under ordinary circumstances cannot possibly function when a strike is in progress.

Mr. EDWARDS (Frontenac): Did not the strike committee cut off the delivery of bread and milk?

Mr. HEAPS: Mr. Speaker, the bakers and the drivers came out on strike, so naturally there was no bread.

Mr. EDWARDS (Frontenac): I am asking, did not the strike committee cut off, by order, the delivery of bread and milk?

Mr. HEAPS: All the bakers and the drivers came out on sympathetic strike. There were thousands of people in Winnipeg who could not be kept at work at that particular time; they came out then by the thousands. But the next day an arrangement was made for bread and milk to be delivered. One of the men who helped to bring about that arrangement was subsequently made prosecuting attorney. Now, who suffers most during a strike. When hon. members opposite speak of bread and milk being cut off, whom do they think suffered most? Is it not the men and women who were out on strike? Are they not just as much a part of the citizenship of this Dominion as any hon. members in this House? Consequently when supplies were cut off, they were cut off from those people just as much as from any of the other citizens of Winnipeg.

Mr. CHAPLIN (Lincoln): They ought to be pitied.

Mr. HEAPS: No, I do not want any hon. members to have pity for the people of Winnipeg. The people of that city can look after themselves. If the government here in Ottawa had left the people of Winnipeg to settle their own affairs that strike would have been settled pretty quick. It was the interference from Ottawa, the assurance given the employers of Winnipeg that arrests were going to be made, that strong arm methods would be used, that caused the strike to be prolonged.

Now, it might be said that those men who came out on strike, or even those who were arrested, were in no way representative of the people of Winnipeg. Indeed, this has been said so often that perhaps it might be worth while for me to deal briefly with that particular aspect of the question. Eight men were arrested who were said to have been in the forefront of that strike and brought to trial. Three of them at least had very little to do with the strike. One of them came into the city very unexpectedly and was subsequently arrested. He was not even on the strike committee. But it is well to point out that of those eight men several including my hon. friend from Winnipeg North Centre (Mr. Woodsworth), have since been elected and re-elected to public offices in the city of Winnipeg.

Mr. MEIGHEN: Will the hon. member permit me? By what government or under whose instructions was the hon. member for Winnipeg North Centre arrested?

Mr. HEAPS: I do not know.

Mr. MEIGHEN: He knows quite well. Why does he not tell the House?

Mr. HEAPS: It was a mystery.

Mr. MEIGHEN: It was no mystery at all. He was arrested at the instance of the provincial government.

Mr. HEENAN: I can tell the House if my hon. friend wishes.

Mr. HEAPS: It was a mystery during the whole of that period as to who constituted the crown. We could not find out. We were told there were two authorities representing the crown, one in Manitoba and one in Ottawa. We had municipal elections there. The city council had stood nine to five. Naturally the city council was an important body during the strike, and yet after all the money which was poured into that civic election, and after all the big efforts which were made by our opponents, and in spite of the slender resources which the Labour movement had, after that election that was held in Winnipeg in November, 1919, the city council of Winnipeg stood seven to seven and the mayor who was opposed to Labour during the strike, after his election had to thank the people who came from outside the city of Winnipeg for his election.

10 p.m

Mr. GARDINER: Would the hon. member tell the House who the nine and five represented?

Mr. HEAPS: The nine were anti-Labour, and the other five Labour members of the council, and when the civic elections were over the city council stood at seven to seven. Immediately after that happened, the board of trade in Winnipeg were very anxious to change the method of election in the city of Winnipeg, and they forced on the Labour members of the council the method of proportional representation in order that the city might be divided up on a different basis, and perhaps give Labour a much lesser representation than that to which it was entitled.

In the following year the provincial election came along, and four men were put up in the city of Winnipeg who were in jail at that very time. You would think that a man who was in jail would not have an opportunity of becoming a candidate and would never receive the endorsation of his fellow electors, but in spite of the fact, Mr. Speaker, that these four

men were in jail, the man who received three times as many votes as the second highest on the poll was the man who had previously been acquitted, Mr. F. J. Dixon, and the three other men who were serving jail sentences, having been charged with seditions conspiracy, were also elected to the provincial legislature.

Mr. SPENCE (Parkdale): It was not much credit to Winnipeg.

Mr. HEAPS: If any hon. gentleman has anything to say, or any question to ask, I shall be glad to answer it if he will ask it in the usual parliamentary manner. Now what does that show? It clearly shows that the strike had the support of a very large number of the people of the city of Winnipeg.

What happened subsequent to that? My hon. friend who sits next to me (Mr. Woodsworth) was one of those who were arrested, and what was the charge laid against him? He was actually charged with seditious libel for having quoted parts of the Bible, for having quoted certain well known verses from Isaiah, running somewhat to this effect, "Ye shall build houses, and ye shall inhabit them." That was put in as part of the seditious libel uttered by my hon. friend who sits here tonight. Yet in spite of the part he took in the strike he was elected to this House in 1921, and in spite of the action that I took during that period I have since been elected three times to public office, and was elected on two occasions previous to 1919.

I claim, Mr. Speaker, that the strike in the city of Winnipeg was an ordinary manifestation of the workers who protested against the conditions of employment that existed at that time in the city of Winnipeg. Let me say this: When men are arrested and thrust into jail because they hold certain ideas, and are going to be deported because of those ideas, then the authorities who think they can imprison these men, and who do so, are merely strengthening those ideas amongst the masses of the people of this country or any other country. There was never a jail or a penitentiary built yet that was strong enough to contain within its walls ideas that were worth while. Ideas that are worth while will continue to live and continue to grow more in favour with the people. Ideas that are not worth while will die without any unnecessary action by any public authority.

At that time we were charged with almost every conceivable crime under the sun. The actions that were taken by the then government were not taken for the purpose of settling the strike; they were taken with the idea of breaking the morale of the men and breaking the strike in the city of Winnipeg.

Some hon. MEMBERS: Hear, hear.

Mr. HEAPS: Certain hon. gentlemen opposite applaud that statement, thinking that the government of that day were justified in the action they took. I am glad that some hon. gentlemen opposite take that stand. I would far rather that they come out openly and say they stand behind the government of that day in trying to crush the organized labour movement in the city of Winnipeg, than hide their opinions. We will know then where they stand, and what their protestations amount to when they come here pleading on behalf of the workingman, as we so often hear them plead in this House.

As I said a moment ago, the action taken at that time was not taken for the purpose of settling the strike, but for the purpose of breaking it. Now I want to look back in Hansard to a statement made under date of March 22nd, and I want to quote a few words offered on that occasion.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I would ask the hon. gentleman not to refer to past debates.

Mr. HEAPS: I am reading from a certain document, if that will satisfy hon. members. My hon. friend from Winnipeg North Centre (Mr. Woodsworth), one of the gentlemen concerned—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. gentleman is apparently reading from Hansard.

Mr. HEAPS: I will give it from memory, Mr. Speaker. My hon. friend from Winnipeg North Centre made certain statements in this House during the debate on March 22nd, and the right hon. leader of the opposition denied the accuracy of his statements. He denied the fact that—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Under the rules of the House the hon. member is not allowed to refer to past debates.

Mr. HEAPS: Mr. Speaker, there was an occasion, not very long ago, during a discussion—

Mr. MEIGHEN: Mr. Speaker, is not this the hon. gentleman who just about ten minutes ago talked about equivocation under the rules? Is he not now trying to equivocate rather clumsily, by no means creditably, but plainly equivocating?

Mr. HEAPS: I accept your ruling, Mr. Speaker. I have been trying to learn a few things from the leader of the opposition, trying to learn how to get around the rules of procedure in this House. I do not know that I have succeeded well enough yet but if I am here long enough I may learn and become a little better accomplished in that direction than I am at the present time.

There is one little item Mr. Speaker, to which I wish to refer. My hon. friend to my left made certain statements in connection with men who were threatened with deportation by the right hon. leader of the opposition, and which the right hon. leader of the opposition denied absolutely and in toto—

Mr. MEIGHEN: If the hon. member is to be allowed to break the rule, Mr. Speaker, I must ask the chance to reply.

Mr. SPEAKER: I must ask the hon. gentleman not to refer to a past debate.

Mr. HEAPS: I do not think it matters very much anyhow.

Some hon. MEMBERS: Hear, hear.

Mr. HEAPS: I am not afraid of the facts if some hon. gentlemen opposite are. I wish to give the facts, and I am not afraid of any past debates being quoted in regard to anything I may have said.

An hon. MEMBER: You ought to be ashamed of yourself.

Mr. SPEAKER: The expression "You ought to be ashamed of yourself" is not parliamentary. Within my own recollection a ruling to that effect was given by the late Mr. Speaker Sproule.

Mr. HEAPS: I now wish to refer to another incident if I may. Early in January last, during the present session, I made a reference to the strike, and my observations at that time probably did not exceed one hundred words. I then referred to troops being sent to Winnipeg, and the right hon. leader of the opposition took exception to my statement. But I maintain that troops were sent in and they received government supplies, government clothing, Lewis guns and government revolvers, and that government armoured cars were shipped in as motor cars. On the occasion of my former remarks I received a rather severe castigation from the right hon. leader of the opposition who declared that I had given utterance to what almost were untruthful statements. I immediately put a motion on the order paper asking for the production of all documents relating to the sending of troops to Winnipeg during the 1919 strike. I wanted to get a complete and accurate statement with respect to the particular incident to which I have alluded, and I also desired that everybody interested should be placed in possession of the entire facts. When that motion was reached on March 15th a certain hon. gentleman opposite—I do not know at whose instigation—had it placed under debatable motions thereby preventing the early production of the documents bearing on the subject, which would have demonstrated the truth or falsity of my statements. Why was that motion placed on the debatable list of resolutions? Was it not the desire of some hon. gentlemen opposite that these documents should not be brought down?

Mr. SPEAKER: Order. First of all the hon. gentleman should not question the motive of any hon. member who exercises his right, under the rules of procedure, and asks that a certain resolution under Notices of Motion should be made debatable. That is the right of any hon. gentleman. I have so ruled at the request of hon. members on both sides of the House.

In the next place the hon. member impliedly states that the request was made for the purpose of preventing a disclosure of the truth. I would ask the hon. member not to make any such insinuation against his fellow members.

Mr. HEAPS: Mr. Speaker, if in making that statement I have transgressed the rules of the House, I withdraw it unreservedly. I am a comparatively new member and have yet to familiarize myself with the rules of procedure. I hope if I remain here a little longer to be able to conduct myself with more accuracy.

There is one other matter to which I ought to refer before concluding. There was a rather long discussion this afternoon in the course of which a desire was expressed to learn why certain amendments were being made to the Immigration Act. Some hon. members seem to be talking at random without realizing why the amendments in question were enacted in the year 1919. By looking up Hansard of that period the ostensible purpose of those amendments will be ascertained.

Mr. SPEAKER: The hon. gentleman is again out of order.

An hon. MEMBER: You had better give it up.

Mr. HEAPS: Am I to understand, Mr. Speaker, that I cannot go into the motives responsible for the legislation of that date?

Mr. SPEAKER: If my hon. friend is violating the rules I do not think he is doing so intentionally.

Mr. WOODSWORTH: Mr. Speaker, we at this end of the House experience great difficulty in hearing what Your Honour is saying. If Your Honour were to speak a little more loudly, that difficulty would be overcome.

Mr. SPEAKER: I will have recourse to my best baritone voice in order to be heard by hon. gentlemen at the other end of the chamber. I was saying that I did not think the hon. member intentionally trangressed the rules. The hon. member is wrong in the impression that those rules prevent freedom of discussion. They exist for the protection of hon. members generally, and particularly of those who belong to the minority. The rules which are as old as parliamentary government, were framed above all for the protection of the minority. If I call the attention of the hon. member to the fact that he must not refer to a past debate there must be a reason for that. The reason is that if such references were permitted the session, instead of lasting six months, would continue for the whole year. When a debate has taken place on a certain question it cannot again be referred to during the same session.

Mr. HEAPS: I thought it was permissible for a member to allude to the debate of a previous session. I was saying that Hansard of 1919 would disclose the reasons for making amendments to the Immigration Act. It was done for the purpose of breaking the strike in the city of Winnipeg. That was most unusual method to pursue. The methods employed by the government of that day are scarcely in line with the methods that a constitutional and democratic government would employ. A bill was introduced in this House which took away from a British subject the right of trial by jury, one of the foundation stones on which the whole system of British jurisprudence has been built up in the course of many a century. Yet it received all its readings and was passed in the course of twenty minutes. The bill was passed in another House in an equally brief period. Its enactment into law therefore took only the short space of forty minutes. Under that act men in Winnipeg were arrested and were to be deported. Now, if there is anything which arouses the resentment of Labour it is the fact that such methods as those are used against men who enjoy the confidence of a very large section of the community. Under that act men were to be deported—yes, men were arrested at three o'clock in the morning—and it was stated that within forty hours those men were to be started on their way across the Atlantic ocean. That is the law that was passed by this House in twenty minutes. Yes, members of the Conservative party, have boasted in this House during the last few months that they had increased their representation in this parliament, from 61 to 116 members. That was felt to be something for which they ought to take a great deal of credit. But why did the Conservative representation in the House of Commons sink down to 61 in 1921? Have hon. gentlemen opposite ever investigated the reasons why they were so overwhelmingly defeated at the polls in 1921? Was it not because of the actions of the then government in 1918, 1919, and subsequently, which reduced the representation of the Conservatives to the second largest group in this House in the year 1921?

An hon. MEMBER: No, the third largest group.

Mr. HEAPS: The third largest group; I beg pardon. Was it not the fact that the workers of Canada had not forgotten the actions of the government at that time, and are not likely to forget it? Why, the gentleman who was Minister of Labour in 1919 could not go and address a public meeting in the city of Winnipeg to-day. If he does go there it will have to be when nobody knows anything about it.

Mr. MANION: In fairness to the Conservative members in this House, is it not true that in respect to that bill which my hon. friend says passed the House in twenty minutes—I was a member of the House at the time—there was not only no protest from the Conservatives, but no protest from the Liberals or the Progressives at that time?

Mr. HEAPS: I believe that statement is absolutely correct.

Mr. MEIGHEN: Did the hon. member say that Senator Robertson did not dare speak in Winnipeg?

Mr. HEAPS: I said the then Minister of Labour cannot go into the city of Winnipeg and address a public meeting, if the meeting is properly advertised and the people know anything about it.

Mr. MEIGHEN: What would happen?

Mr. HEAPS: Let him come and see what would happen. I am not saying anything. During the last election he came to Winnipeg to speak against my hon. friend from Winnipeg North Centre, but nobody knew he was coming. It is quite true, Mr. Speaker, that when the bill went through this House

in twenty minutes and received its three readings it got the unanimous vote of the House; otherwise I do not think it would have gone through. But I have spoken to certain members of the Liberal party—not now but in 1920—and I believe I also spoke to the hon. member for Fort William in 1920; I do not think he remembers it. At that time it was stated to me that the whole thing had been totally misrepresented to hon. members in this House.

Mr. MANION: I never said that to my hon. friend.

Mr. HEAPS: I do not say that you did, but the Liberal members I spoke to then and those to whom I have spoken since claim it was put through in such a manner that they did not know anything about it.

Mr. MANION: Would my hon. friend not think there was a little politics in that?

Mr. HEAPS: This is the statement I got in 1920. I claim there was a lot of politics in this thing in 1920. I believe the party who put the act through were helping their friends the manufacturing and financial interests of Winnipeg. Sure it is politics. I do not say anything further on this particular question. In some respects I am sorry the matter came before the House this evening; in other respects I do not regret it in the least. I took part in that strike, and if any hon. member says it was revolution in Winnipeg he does not know what he is talking about, because revolutions are not made; it is only fools that talk about them. It is said that fools talk about revolution but the wise men conform to them. No revolution was ever made or intended in that city. It was a bona fide strike and men and women came out because there was something at stake. They do not strike for the mere sake of striking. No one enters wholeheartedly into a strike. When the millions of people went into the strike in England, it was not done with a light heart. When people know that their families will have to do without the necessities of life, they think more than once before they enter upon a strike. In Winnipeg, owing to the conditions existing there, it was forced upon them; the men and women came out strongly, but they were not all called out in that case. They thought they were justified in striking. Yet when it had been in progress four or five weeks the government of the day magnified it into some kind of revolution, and if the official record of the House could be brought down it would show the true conditions. But all the records do not exist, Mr. Speaker. In some of the departments as early as February, 1922, a few months after the present government came into office, when a notice was given for the production of certain papers from the Department of the Interior, the Department of Justice and one other department, it was stated that there were no documents in existence.

Mr. PETTIT: What connection was there between the strike in Winnipeg and an order known as the Independent Workers of the World or the I.W.W., pointing to the use of armed force in Winnipeg and British Columbia?

Mr. HEAPS: I have never heard the name of that organization.

Mr. PETTIT: It is called the I.W.W.

Mr. HEAPS: I have heard the name; this is the first time I heard of them in that connection. The I.W.W. had no more to do with it than the hon. member who asked the question. The strike was called by the workers in Winnipeg and a sympathetic strike ensued. What is wrong after all in a sympathetic strike? Some hon. members asked me about documents that were not found. I will deal with that in a minute. I have here copies of two sessional papers asked for by the Hon. E. J. McMurray as far back as May 3, 1922. One was an order of the House asking for documents from the Minister of the Interior. I think the hon. member who was then Minister of the Interior is now the right hon. leader of the opposition. The document reads:

> I beg to say that, as far as the Department of the Interior is concerned, there is nothing on record respecting this matter.

That is giving the gist of the answer. Now, Mr. Speaker, in the Department of Labour and in other departments there are all kinds of documents. There must have been a file nine inches thick in the Department of the Interior in 1921, but when it came to 1922 the documents had disappeared. I am not blaming anybody for the disappearance, except that they could not be found. Then we come to the Solicitor General's department. The same thing happened there, according to the admission of the Solicitor General of Canada; they had no documents in that department. Yet on file in another department there is a stack of letters, telegrams and other documents, which show clearly that between 1919 and 1921 there was a large file in these departments which could not be found when the request was made for production in this House. Fortunately there are copies of them in existence elsewhere which some day may be published.

In reference to that organization, the Independent Workers of the World, I did not know there were any independent workers. I do not think I have ever met a member of that organization in my life. I have never had the pleasure of being in Vancouver and do not know anything about the organization there. It is possible they have such an organization there. I wish I could impress upon hon. members of this House that when workers enter into a strike they do not do it lightheartedly. They do not do it for the purpose of having a strike, but they go into it because it is the last resource for them. In 1918 there was a strike in the city of Winnipeg.

Mr. MULLINS: With reference to the statement my hon. friend made in Toronto—

Some hon. MEMBERS: Order, order.

Mr. MULLINS: Why did you go to my farm and agitate my men to go off the farm, when I was giving them the very best food, the very best care I could give them, purchased the best mattresses I could obtain for them to sleep on and did the very best possible for them? You or your walking delegates came to my farm and took my men away to engage in a strike in Winnipeg. Why was that done?

Mr. HEAPS: I know nothing of the incident to which my hon. friend refers. I am glad my hon. friend did not make a personal reference to me, because I do not know where his farm is; all I know is that he represents Marquette in this House. I was saying that workers do not go lightly on strike.

An hon. MEMBER: Answer the question.

Mr. HEAPS: A little detail as to what goes on does not matter very much. This clearly indicates, as I have just stated, that some hon. gentlemen who make statements in this House do not really understand what Labour stands for or they would not ask a question of that kind: Why did somebody come on my farm and ask the workers to go off? The question is absurd in regard to a strike of 30,000 workers. Does anyone think that everybody who has anything to do with a strike knows all the little details that happen at such a time?

I was referring to an incident in 1918 when there was a strike in Winnipeg. During that time I did my best to try to settle the strike. I was a member of the city council at that time. What happened to me? I was condemned from both sides. On the one hand the workers and on the other the city council condemned me because I tried to settle it. That is often what happens to the peacemaker during a strike and consequently I am not very anxious to act as a peacemaker when a strike occurs.

When the strike of 1919 took place I saw that the workers were right and I gave them my unflinching support on that occasion. There is no doubt about their being right; no worker goes on strike except as a last resort and when compelled to do so by force of circumstances. But what I protest and will always protest against is when a government, I care not which party it is, attempts to suppress by forcible methods, what should after all be the inalienable right of every Canadian citizen.

On that particular morning of June 17 those eight or ten men were arrested and sent to Stony Mountain penitentiary, the idea being to deport them. Those men were arrested not because of their participation in the strike because some of them had hardly participated in it at all, had no part in calling it, and had come into Winnipeg more or less accidentally. Those men were arrested and were to be deported because they had certain ideas which were distasteful to the powers that be. The men were selected for deportation at the instigation of the then government and the man who did the selection was the then Minister of Labour. The documents will go to prove that if they are ever brought down to the House.

I am sorry if I have detained the House so long as I have; this matter has come up rather unexpectedly to-night. Personally, I do not care to look backward; I prefer to look forward.

An hon. MEMBER: Hear, hear.

Mr. HEAPS: I wish some hon. gentlemen who sit on the other side would also look a little forward and not always look backward. Looking backward is generally a prerogative of the legal profession.

Mr. JACOBS: If the hon. gentleman would keep to his own field, it would perhaps be better all round.

Mr. HEAPS: I once had nine months' experience of law and somebody said that I would have made a pretty good lawyer if I had stayed at it a little longer. I had quite an experience of lawyers and one thing that was taught me was that lawyers knew nothing about law; that the only man who knew law was the judge; that what the judge said was law and what a lawyer said was merely an opinion and nothing more. After seeing lawyers in action for a short period I said

that I would have nothing to do with them; that I was going to plead my own case. I did so and I happened to be the only one who was unlucky or lucky enough to be acquitted.

If I may I will pursue the story a little further as it is worth repeating. A few weeks after the trials were over I met the late Judge Metcalfe on Portage Avenue in the city of Winnipeg and after the usual salutations he said: "Heaps, the luckiest thing in the world for you was that you had no lawyer defending you. If you had had a lawyer to defend you, you would have gone to gaol with the rest." Ever since then I have had an idea that when we take notice of lawyers as we sometimes do in this House we always get into all kinds of trouble. If you wish to keep out of trouble in this House or out of it do not take too much notice of what lawyers say. Lawyers as a rule can go back for precedents for thousands of years, but when it comes to looking forward for five or ten minutes they sometimes get hopelessly lost.

I wish however to impress upon hon. members again that when a strike takes place we should bear in mind that as was the case with those men in the city of Winnipeg, the men are as good and loyal Canadians as you have in the Dominion of Canada. In the Winnipeg strike thousands of those men had just come back from overseas. To-day they are in the ranks of the organized labour movement, and they were in the ranks of the organized labour movement in 1919.

Mr. PRICE: Was the hon. member one of them?

Mr. HEAPS: I frankly admit that I did not go overseas. If loyalty, if patriotism is to be determined by a man's desire and inclination for war I am no patriot. If patriotism means love of your people and of your country I am second to nobody in this House or outside of it.

Mr. PRICE: Well, well.

Mr. HEAPS: If the hon. gentleman wants to interrupt me in an orderly way I hope he will get up and do so. The strike in Winnipeg took place; it is gone; it is a thing of the past. I would say to those gentlemen who were in charge of events of that period that if they had only had the same feeling, perhaps even the same amount of understanding as has the Prime Minister of Great Britain at the present time, those events would never have taken place in Winnipeg in 1919. There was a desire at that time to crush organized labour.

[Mr. Heaps.]

Mr. PRICE: Is the hon. gentleman in order at the present time?

Mr. SPEAKER: Yes.

Mr. HEAPS: I do not know whether the hon. member is a lawyer or not. I was saying that if the members of the House of 1919 had had the same breadth of outlook, the same understanding as the Prime Minister of Great Britain has at the present time those events in Winnipeg in 1919 might have been spared. Nevertheless, in spite of what took place there organized labour can never be crushed. The more attempts that are made to crush organized labour, the stronger it will rise. The organized labour movement is never defeated. It may lose here or it may lose there, but ultimately it will come back stronger than ever.

Hon. J. W. EDWARDS (Frontenac-Addington): Mr. Speaker, I shall not take many minutes of the time of the House in regard to this matter. The hon. member for North Winnipeg (Mr. Heaps) has made certain statements to which I wish to refer. He informed us that he was not afraid of facts, and for that we shall all be devoutly grateful. I couple with that the statement he made a little later that he hoped with some experience to conduct himself with a little more accuracy than he was able to do now. We can put the two together and draw our own conclusions. The hon. gentleman says that in Winnipeg no children had to suffer for want of milk. He did not answer the question I put to him: did the strike committee cut off the delivery of bread and milk? That question he sidestepped; he declined to answer it. I want therefore to read to this hon. gentleman, who is not afraid of facts, what was stated in the bulletin issued by the strike committee, of which I suppose he was a member. He declares that he was deeply involved in the whole thing, and certainly his sympathies were with the undertaking. This is the bulletin issued by the committee on May 17 with reference to their proposal to establish supply depots to give preference to strike families.

Impossible to distinguish between the sick children owing to the fact that it would take days to establish a card system and reports fast coming in of children on verge of death for the want of milk.

So that some of them did have sufficient compassion, when they saw children on the verge of death for the want of the very necessaries of life, to withdraw that order which they had issued and which they had proposed to carry out, giving preference to the families of those who were engaged in the strike and withholding any consideration

from those who did not participate in it. That is the situation which the hon. gentleman has described as a quiet, peaceable strike. The fact is that the Winnipeg disturbance was not an ordinary strike, the object of which was to obtain better wages. It was an organized attempt to get control of the city and to induce labour in other centres of population to do likewise, with the end in view of destroying or breaking down national government. I do not think I can do better than quote some of the utterances of the hon. member and others associated with him on that occasion, and in the first place I might read what was said by the hon. member sitting immediately to his left (Mr. Woodsworth). Speaking in Vancouver on February 7 of that year that gentleman said:

> The ultimate object of the Federated Labour Party is the collective ownership and democratic operation of the means of wealth production. This involves a complete revolution in our whole economic and social structure.

That is from one of the leaders in this movement. Let me quote again from the same source:

> The federal authorities control the military and the courts, and labour is not going to get what it wants until it in some way gets control of the military and the courts.

That is the peaceable strike. That is the spirit that moved this very quiet and law abiding demonstration on the part of labour. Now I will quote from another gentleman who was prominent in the movement, a Mr. Russell:

> The blood that is spilled in Canada will depend on the working class. We must establish the same form of government as they have in Russia so that we may have a Russian democracy here.

That is what that prominent participant in the strike declared at that time, and I have heard somewhat similar opinions expressed since then.

The hon. member who resumed his seat a moment ago (Mr. Heaps) criticized the act which was put through this parliament on that occasion for the deportation of undesirable people, and he observed that it had been disposed of in twenty minutes. That act, Mr. Speaker, was adopted unanimously, not a single voice having been raised in dissent. All I have to say to the hon. gentleman is that the people of this country, regardless of their political affiliations, welcome to Canada decent, law abiding men and women, no matter from what country they may come. But I want him to understand—and he can convey this message to those who think and feel as he does in matters of this kind—that the Canadian people, upon whom depends the future stability of this country, will not tolerate foreigners who come to these shores imbued with the determination to stir up trouble. We will not permit such people to come and establish on the soil of Canada conditions of the sort from which they were running away in leaving the country of their origin.

This was a peaceable strike, says the hon. member for North Winnipeg. Let us see what he himself said at the time. Speaking in July of that year he expressed this regret:

> We were having beautiful weather and we were having a beautiful strike when the citizens butted into the game and began to attempt to assert their authority.

A terrible thing for the law abiding citizens of Winnipeg to interfere with that beautiful strike, during such beautiful weather.

Mr. HEAPS: Does the hon. member suggest that I made the statement which he has quoted?

Mr. EDWARDS (Frontenac): Yes.

Mr. HEAPS: In the month of July I never made such a statement.

Mr. EDWARDS (Frontenac): The hon. gentleman has told us that he hopes to conduct himself—

Mr. HEAPS: Mr. Speaker—

Mr. SPEAKER: Does the hon. member desire to raise a question of privilege?

Mr. HEAPS: Yes. In the month of July, after we had been arrested, I made no such statement, for the reason that we were under bond at that time to make no public statements at all.

Mr. EDWARDS (Fontenac): I accept the hon. gentleman's denial, as I am obliged to do under the rules of the House, and I do so all the more readily in view of his confession a short time ago that he hopes, as he gains experience, to conduct himself with a little more accuracy than he is able to do at present. We will let it go at that.

I will now refer to another statement made by one of the bosom friends of the hon. member and the hon. gentleman who sits immediately to his left. I quote now from the remarks of one Ivens:

> The storm is about to break and this time the lightning is about to strike upward instead of downward. I think the parliament buildings on Kennedy street would make a good labour temple, and the way things are going we will soon move in.

Another evidence of the kindly disposition of the gentlemen associated with the hon. member for North Winnipeg and the hon. member for Winnipeg North Centre.

Mr. WOODSWORTH: May I suggest that I have heard people outside the Labour party express a desire to have a place on the treasury benches?

Mr. EDWARDS (Frontenac): The hon. gentleman may suggest what he likes. I have not been so close to the treasury benches as he has been, this session at all events, and I have not been able to dictate any of the terms of the Speech from the Throne. I will give the House another quotation.

Mr. MALONEY: With his permission I would ask the hon. member this question: In view of the past attitude of the hon. member for North Winnipeg and the hon. member for Winnipeg North Centre with regard to labour, why does he classify those hon. gentlemen as belonging to the Labour party?

Mr. EDWARDS (Frontenac): I am not the first man who has found it difficult to answer a question on the spur of the moment. It would be rather hard for me to give a sound reason for classifying these hon. gentlemen as representatives of labour, and I must say I appreciate the point raised by my hon. friend from Renfrew (Mr. Maloney). In all earnestness and sincerity, however, I am bound to confess that hon. gentlemen across the way, representing the city of Winnipeg, notwithstanding that they classify themselves as Labour members, are not in my opinion, in any true sense of the word, real representatives of Labour and of labour interests in this country.

The hon. member for Winnipeg North Centre, speaking at Calgary on October 29 of that year, said:

> I am not worrying as to whether they keep me in the pen or not—we'll win anyway. I don't think the workers of this country will let us stay in anyway.

The hon. gentleman had at any rate the consolation of believing that, even though the utterances of himself and of his associates did create turmoil and result in his landing behind the doors of a penitentiary, he had a sufficient number of friends outside who would use their influence and endeavour to get him out. He would not stay in very long.

The Winnipeg strike, Mr. Speaker, was not an ordinary strike in any sense of the term. I repeat, after the most careful consideration of the matter, that I have no hesitation in asserting that it was a deliberate attempt on the part of certain persons to get control of the city and to induce labour in other centres of population to follow their lead, with the ultimate object of overthrowing the properly constituted government of this country and establishing in its place something along the lines that one of those strike leaders expressed himself so much in favour of, namely, "what they had in Russia"—the most debased country to-day on the face of the globe.

I repeat what I said a few moments ago, Sir, that we are all sympathetic towards Labour. We recognize that Labour is entitled to demand its rights. We welcome people from all countries of the world to come here and establish their homes, but it is just as well for certain hon. gentlemen who sit opposite to thoroughly understand, and convey that understanding to those with whom they were associated in bringing about the Winnipeg strike, that we Canadians do not propose to allow men to come into this country from Europe or any other part of the world and establish conditions such as drove them out of their native land.

Mr. W. W. KENNEDY (Winnipeg South Centre): Mr. Speaker, under the circumstances it is with some hesitation I rise and admit that I come from the city of Winnipeg, and it is with considerable diffidence that I prolong what seems to me to be an absolutely purposeless and fruitless discussion of something which would be much better forgotten than stirred up in this House at a time when we have real business to transact.

Some hon. MEMBERS: Hear, hear.

Mr. KENNEDY (Winnipeg): Again I ask a question similar to the question I asked on a somewhat like occasion: To what purpose is the time of this House taken up with the discussion of the strike in the city of Winnipeg some seven years ago? I tell you, Mr. Speaker, and hon. members, that it is for one purpose only—propaganda pure and simple.

I go further. I trust too much to the intelligence of this House to suggest that it will be misled by the speech of the hon. member for North Winnipeg (Mr. Heaps) into believing that in speaking as he has to-night he is representing or forwarding in any substantial way the interests of honest, sane labour in the Dominion. He has told you that the late Minister of Labour, now Senator Robertson, dare not come into the city of Winnipeg to address a public meeting, if public announcements thereof were properly made. I now tell him that during the last federal election the same Senator Robertson did come to the city of Winnipeg and did there address public meetings that were publicly advertised with his name at the top of the list in my constituency, and at no

meeting that he addressed did he receive to my knowledge one single interruption, but on the contrary he was accorded most attentive and enthusiastic hearings.

As evidence of how labour stands in the constituency of Winnipeg South Centre let me refer to the result of the last general election. I may say, without any lack of modesty, that in my opinion Winnipeg South Centre is a very important constituency and in point of population and of the number of registered electors is in fact the greatest constituency west of the lakes. During the recent election a candidate of his party—the Independent Labour party—contested that constituency and lost his deposit. Senator Robertson addressed several meetings during the course of the contest. I do not give him credit entirely for the result, I take some credit to myself, with the loyal support of the rank and file of that constituency. But I want to tell the hon. member for North Winnipeg that the constituency of Winnipeg South Centre has among its electorate far and above any other class of people the labouring class, and yet the candidate representing the Independent Labour party was out of the running entirely in fifty out of the fifty-two polls, and in the aggregate, as I have said, he lost his deposit. I merely cite that to show to this House that so far as Winnipeg is concerned hon. gentlemen do not need to worry as to what real Labour will do there. If the House has any apprehension as to the status of Labour in that city, I now declare there is no cause for alarm. The 1919 strike was taken care of not by the militia, but by the citizens at large; and I can assure hon. members that in the event of any strikes in the future similar to that of 1919 they will be taken care of again by the same citizens.

The hon. member for North Winnipeg has told us that he prefers to look forward rather than backward. Well, I ask this House: Which way has he been looking to-night? Has he been taking a forward view? Rather has he been stirring up these unpleasant memories of the past. I ask for what purpose. I submit that it is only for the purpose of serving the individual ends of the hon. member himself. His purpose, in season and out of season, of which the House has had a good demonstration to-night, is not to solve the problems of labour in this country but to stir up dissension and discord in order that he may thereby profit.

Now, the hon. gentleman has referred to the conditions in the city of Winnipeg during the strike. I myself have a very distinct recollection of those conditions.

11 p.m. In the early part of June 1919 I returned to Winnipeg with a regiment that is well known to many hon. members of the west—the 46th battalion. That is a battalion of which Saskatchewan has a right to be proud. Because of the strike conditions we were unable to get telegrams to our families advising them of our return. The street car service was suspended. Milk was allowed to be delivered to homes only by those whose dairy wagons bore the card, "Operated by permission of the strike committee." Restaurant keepers were intimidated, and many of them found it to their advantage to post in their windows cards bearing the inscription "Kept open by permission of the strike committee," or an inscription to the like effect. Fire protection in the city of Winnipeg, as an effective protection, was cut off. Police protection was interfered with. Fire protection was demoralized to such an extent that it was necessary for the civilians to go into the fire halls and take the place of the men who were called out in order that the homes of the citizens of Winnipeg might be protected. So far as police protection was concerned, a much similar condition prevailed. Citizens of Winnipeg had to be sworn in as special constables to protect their own homes and their property. The first night that I arrived home and went to my house I was asked by my neighbours to come out and discuss the situation as to the protection of property, and I tell the House this: We went to the end of the street and met on a little lot, and there arranged for patrols in order that the street might be patroled from sunset to sunrise to protect property. Hon. gentlemen may say that our fears were groundless, but I tell you, Mr. Speaker, and the members of this House, that that was the condition of mind of the people of the city of Winnipeg at that time. That is what the hon. member (Mr. Heaps) refers to as a peaceful strike.

Let me say this: So far as Labour is concerned, Labour will never find me its enemy in this House or outside of it. I believe in a fair wage. I believe in fair living conditions. I believe in the right of Labour to organize to advance its interests. But when agitators seek to use unionism in labour, not to advance but to prostitute the cause of Labour, I say it is time to call a halt. That was the condition which existed in Winnipeg in 1919 dur-

ing the strike referred to this evening. That has passed. It was dealt with by the citizens of Winnipeg, and perhaps the less said about it the better.

The hon. member for North Winnipeg has made same references to patriotism. He has told you that it is not necessary to be in favour of war in order to be a patriot; I agree. But there are some things, whether you call it patriotism or not, that are expected of a citizen of a country. I think we cannot place the duties of even the humblest citizen of Canada lower than this, that we have a right to expect of him that he shall uphold the laws for the time being of his country, and that if he seeks to bring about a change, he shall do so only by constitutional means. I submit that the test I have given is not too strong a test. Measuring the hon. member for North Winnipeg by that test, I leave it to this House to judge how high he stands. If there be any doubt, I would like to refer to the House an extract that has been handed to me, and to read it and ask the hon. member whether he is the person referred to in this article. The heading is, "Red Flag Hoisted in Winnipeg City." When I refer to the red flag, surely it is not necessary for me to remind this House that the flag of this country is not the red flag. It goes on, "Union Jack Which Mayor Forced Socialists To Carry Placed Beneath Rostrum," and the despatch follows:

Winnipeg, Man., May 1.—Instructions of chief of police Newton that a Union Jack be placed at the head of the column was the only hitch in to-day's May day parade. The order was complied with, and 2,000 paraders moved off without interruption. Almost every radical organization in the city was represented, including a few members of the international bodies, although the Winnipeg Trades and Labour Council had previously decided not to aprticipate with the O.B.U.

This part of special interest:

After the parade a mass meeting was held, presided over by Ald. A. A. Heaps. The Union Jack was then deposited beneath the rostrum and the red banner hoisted.

Is that the test by which patriotism shall be measured in this country? Judge for yourselves the patriotism of the hon. member.

In conclusion, Mr. Speaker, I wish to say this: While this demonstration in the House to-night on the part of the hon. member for North Winnipeg may be something of a novelty here, it is no novelty to us in the city of Winnipeg. We understand it there, and it is so that you may properly appreciate it, that I rise to-night. It is not because I personally have any apprehension as to what will happen in the city of Winnipeg in the future, but to say to this House that sentiments such as have been expressed here to-night by him do not represent Labour in the city of Winnipeg. Let me say further that during the last federal campaign organized Labour in the city of Winnipeg was not behind the Independent Labour party.

Mr. HEAPS: Will the hon. gentleman—

Mr. KENNEDY: Will you kindly keep your seat?

Mr. HEAPS: In view of the gentlemanly remark made by the hon. member, I will.

Mr. KENNEDY: As in the past, so in the future, the citizens of Winnipeg will not call upon nor will they have need for any outside militia to take care of disturbances in that city. We took action ourselves then as civilians. We shall do so again in the future whenever the occasion arises.

Mr. G. B. NICHOLSON (East Algoma): I just wish to ask the House to bear with me for a very few moments, not because I intend to refer particularly to the Winnipeg strike, but because I wish to refer first to what has been said with regard to the ex-Minister of Labour, the Hon. Senator Robertson, and to the relations that organized labour had to the Winnipeg strike, or that the Winnipeg strike had to organized labour.

May I say at the beginning that it has been a matter of astonishment to me that my hon. friend the member for Kenora-Rainy River (Mr. Heenan), who knows, who must know, the position that organized labour took in relation to the Winnipeg strike, should make himself the mouthpiece for the expressions to which he has given utterance in this House to-night in relation to that so-called strike. As a matter of fact, the organization to which my hon. friend belongs, if I know his position correctly, was one of the organizations that took a very definite part in the suppression of that strike, and they did so, why? Because they realized that the strike so-called was an attack on organized labour, and it is in connection with that that I wish particularly to deal.

But referring first to the ex-Minister of Labour, the Hon. Senator Robertson, it has been stated that he could not go into the city of Winnipeg and address a public meeting there. I say to you, Mr. Speaker, that there is no man in Canada, there never has been, and there is not now, a man associated with the organized labour movement in this country that possesses the confidence of organized labour to a greater degree than the hon. Senator Robertson has possessed it and does possess it now.

I wish to make reference to two statements of the hon. member for North Winnipeg (Mr. Heaps), one that it was an effort to crush the organized labour movement that induced those who took part to assist in suppressing the so-called strike, and the other the statement that organized labour can never be crushed. I say at once that organized labour cannot be crushed, and that no one in this country has the slightest desire to crush it. Organized labour does exist and the movement of trades unions and international bodies of organized labour is recognized by men in all walks of life as one of the best agencies for regulating the relationship that should properly exist between the working man and his employer that has ever come into existence. That movement is recognized. But what I now refer to in connection with the Winnipeg strike so-called and the relationship it bore to organized labour—my hon. friend the member for Kenora-Rainy River understands organized labour and I think he will agree that I also understand something of the subject—is a situation which prevailed in the western and northwestern parts of the United States, very largely through western Canada, and to some degree through eastern Canada although not to so great an extent. There was a movement beginning in 1914 and extending through 1915, 1916, 1917, and onwards of what was known as the I.W.W., later as it developed in Canada known as O.B.U. or One Big Union. It was a movement of a revolutionary character not designed to improve the conditions of labour, as I will show in a few minutes very definitely and clearly, but designed to seize the government, first of municipalities, then of provinces, or states, and then the entire nation as has been done in Russia. That movement was spreading throughout western Canada. The representatives of organized labour, the representatives of the Brotherhood of Locomotive Engineers—of which my hon. friend is a member—the representatives of the Brotherhood of Locomotive Engine Men and Firemen—of which I have been and still am a member—knew what was taking place. The representatives of the Order of Railway Conductors, of the Order of Telegraphers, and the Order of Machinists, knew what was taking place. They knew that their powers were being definitely undermined by the One Big Union, and for what purpose? Was it to improve the conditions of the working man either in this country or any other land? No. To illustrate what their aims were, let me read a statement given to the press by the chief organizer of this movement. This is what he says:

> The true communist and labour leader rejoices more over one unsuccessful strike than over ten strikes that succeed. What the O.B.U. and smaller organizations aim to create is not asking better working conditions for the average man but worse conditions. The workingman, or organization of workingmen, who strikes for higher wages and gets them, or for better working conditions and fewer hours of labour, and gets them, is not the material from which revolutionists are made. He is likely to be contented and take a conservative so-called sane view of a world in which the conditions have been easier and better for him. On the other hand, the striker, or group of strikers, who fails, are likely to be more embittered against the employers, the whole employing class and society generally and after repeated failures of this kind they will come to the conclusion that striking and voting are alike useless to improve the workingmen's lot, and they will listen to the Red who talks intelligently of direct action and the overthrow of society and forms of government as at present constitued. We have already two million workers, members of the O.B.U., and our numbers continue to grow as one unsuccessful strike follows another. Therefore, we, of the new vision, encourage strikes not because we desire to better the workingmen's conditions but in order that they may fail.

Now I draw the attention of the hon. member to this:

> Our first aim must be to destroy organized labour as it has previously existed. It is one of the chief obstacles to a successful revolution in any country where it exists.

That is the statement made by Mr. Fred G. Biedenkapp, General Organizer for the One Big Union, an organization responsible for the so-called Winnipeg strike.

Mr. HEENAN: When was that statement made?

Mr. NICHOLSON: In June, 1919. One thing more in regard to the position taken by organized labour in Canada. The president of the Brotherhood of Locomotive Fireman and Engine Men, the chief of the Brotherhood of Locomotive Engineers, the president of the Order of Railway Conductors, the heads of the trainmen, telegraphers, and machinists,—what did they do? Let me ask the hon. member for Kenora-Rainy River what they did in Winnipeg.

Mr. HEENAN: I will tell you.

Mr. NICHOLSON: I will tell my hon. friend if he will just keep quiet for a moment.

Mr. HEENAN: I thought you asked me a question.

Mr. NICHOLSON: What did they do? This is what they did. They ordered their Canadian vice presidents, or the general chairmen of the organizations of the different lines, to go to Winnipeg and tell the members of their organizations to observe not only the law of their own constitutions but the law of the land in which they were living. One of those men who went to Winnipeg at that time was the more recent Minister of Labour,

the Hon. James Murdock. Another one, if my memory serves me, was a gentleman named Mr. Kennedy, who was a former resident of the city of Kenora, the vice-president of the Brotherhood of Locomotive Engineers. Another one was the vice-president of the Brotherhood of Locomotive Firemen. Another step they took was to warn their members about having anything to do with this so-called strike—which was nothing more or less than a revolution which began by seizing the civic government of the city of Winnipeg, what did they say? They said: Any single member of these organizations that violates his obligations to his organizations or the law of the land, will be replaced by members of our own organizations. That is the position they took. Let me repeat that the whole plan of the Winnipeg strike was nothing more or less than the outcome of a scheme that had been growing and developing through the western and northwestern states, and through western Canada, the first purpose of which was to destroy organized labour, as the organizer of the movement himself so declared in a statement given to the Chicago Times in June, 1919.

Mr. HEENAN: The hon. gentleman asked me a question. Does he want me to answer it now?

Mr. SPEAKER: Does the hon. member for East Algoma wish to allow the question?

Mr. NICHOLSON: No, Mr. Speaker. I simply put a question which I answered myself and I think I answered it completely.

Mr. SPEAKER: Will the hon. member proceed with his speech, or has he completed what he desires to say?

Mr. NICHOLSON: Yes, Mr. Speaker, I am through.

SUPPLY—RED LAKE MINING AREA

Mr. J. R. O'NEILL (North Timiskaming): Before you leave the chair, Mr. Speaker, I should like to make a few short remarks on a matter of keen interest to mining investors in the north country and to the mining industry throughout Canada—this by way of attracting the attention of the present administration and of the Minister of Mines (Mr. Stewart) in particular. Within the past few weeks the malicious statements of an unscrupulous individual named Braun, have been receiving considerable publicity, and his prevarications are hampering the advent of would-be investors and are proving most irritating to those who have every just faith in our wonderfully gifted north country. There is every reason to conclude that Braun's propaganda is inspired by some selfish and insidious element. I feel justified in using the term "insidious," otherwise they would not have chosen such a mountebank as their mouthpiece. His remarks are ostensibly so stupid, so asinine, so idiotic, as not to merit consideration but, as I say, for the ramifications of the widespread publicity due to this apparent backing, and in the interests of those who might be deceived, we cannot allow the incoherent observations of this gross libeller to pass unchallenged.

Now, just what is this man guilty of? What has he said? What has he done? He is credited by the Associated Press with statements against the possibilities of the Red Lake mining area, and is falsely reputed to be an engineer of standing. For some mysterious reason his libelous utterances have been accorded an unusual amount of publicity. I might quote from several typical articles to demonstrate this man's lack of knowledge and disregard for the truth.

Mr. G. C. Bateman, of the Ontario Mining Association, is one of the many outstanding and reliable professional men who have endeavoured to gather some information regarding Mr. Braun and I should like to quote from a reply to his inquiry from Mr. James O. Handy, Director of Chemical and Metallurgical Investigations at the Pittsburgh Testing Laboratory:

> Replying to your letter of May 14, I have done my best to get for you all of the information I could concerning W. F. Braun, an interview with whom appeared in the Pittsburgh Sun of May 12.
>
> Mr. Braun is not known to me, nor to any of my friends whom I have asked about him, so far. He is not a member of the Engineers' Society of Western Pennsylvania, which includes nearly all of the mining engineers, and engineers in other lines, in the Pittsburgh district. He is not a member of the American Institute of Mining and Metallurgical Engineers.
>
> In view of these facts, it can hardly be said that Mr. Braun speaks for Pittsburgh, or for the mining engineering profession at large. Such a wholesale condemnation of a new mining district is certainly not warranted, in view of the action of the Dome and McIntyre companies. Anyone who expected to find gold, on unstaked claims covered by snow, or to acquire staked claims cheaply, would naturally be disappointed.
>
> I have personally great faith in gold mining in Ontario, and am actively engaged in the development in Davis township, Ontario, about which I spoke to you last fall. The gold showing is very good, and I believe that further work will show that the Wanapitei district is worthy of further and very serious consideration.

Every effort has been made, in vain, to prove him anything other than a nonentity.

He has succeeded however in demonstrating himself a multitudinous ass by the very fatuity of his statements. It is a fact that he is unknown to any governmental mining authority, federal or provincial in any part of Canada, and was never heard of until he permitted his name to be used in the scandalous and libelous utterances which he fathered.

We have the sworn statement from Capt. A. S. Stevens, of Cobalt, Ont., that Mr. Braun stated to him on April 6, 1926, that he had not been in the Red Lake district personally, but had a representative in the district. If this be true, then the falsity of his statements establishes him as an unprofessional, unethical and unreliable charlatan, and whose business card, as follows, further suggests the character of the man:

215 Cole Building
Tulsa, Okla.

P. O. Box 633
Tuscon, Arizona.

W. F. Braun
413 Union Bank Building
Pittsburgh, Pa.

Personal Examinations and Confidential Reports

Made on private or public inspection of mining and oil properties, any part of United States, Canada or Mexico. Thirty-three years actual field experience in above countries. Best of references. Member Tucson Chamber of Mines, American Association of Engineers, Tulsa, Okla. Chapter and other similar organizations.

Chamber of Commerce, Pittsburgh, Pa.

His statements are in direct contradiction to the judgment of engineers, who are professional men representing large financial interests and who are firmly established in their profession as men of character and reliability, which is the result of a thorough training in their profession and a reputation for integrity and character following a long experience in the mining industry.

In view of the fact that the press of America, represented by such journals as the New York Times, the New York World, the Philadelphia Evening Bulletin, the Washington Evening Star, and in fact the leading newspapers of the United States, published articles for several weeks setting forth the possibility of the Red Lake district—through their chosen representatives—being another development similar to those which have already established their reputation for the production of great wealth as set forth in the Dominion and provincial reports, it is felt that they will appreciate this defence of the mining industry and the men who have identified themselves with its development in the province of Ontario.

In view of the methods employed by this man in practising his deception upon the section of the press which has published his articles through his arrangement for personal interviews, it is felt that the journals upon whom he has practised his deception will recognize an inspired propaganda of such a character as will suggest to them the necessity for an exhaustive inquiry and examination of any statements which may be submitted to them in the future before permitting themselves to further the ends of the man, or men, who may be responsible for this activity as evidenced by Mr. Braun.

As further evidence of this man's statements as to his having been in Red Lake being false, a telegram received from Mr. Joe Kenneally, at Hudson, dated May 15, 1926, is herewith quoted:

Have consulted all stopping places and transportation companies, including plane service. No one here ever saw or heard of Braun except through paper.

In connection with the disparaging and untruthful statements made by one W. F. Braun, designating himself as a "mine examiner," a number of men who have been in Red Lake district, brand as false in every detail the statements which he is reported to have made, and which have been published in some of the leading journals of the American press, for the following reasons:

1. We believe that Braun never visited the Red Lake district, as he states he did—and further states, that he remained in the district ninety days—basing our belief upon an affidavit made by Capt. A. S. Stevens, of Cobalt, that Braun made declaration to him that he had not been in the district, but had a representative there.

2. No man has driven into the district with eleven dogs as he states he did, and no man could leave the district in the dead of winter via aeroplane without the authorities having knowledge of this fact.

3. None of the undersigned ever heard of him, and there is no record, as evidenced by inquiries made through Mr. Joe Kenneally, that he was ever in the district, and no one ever saw him, or heard of him, until they read the articles above referred to.

There are hardships to be borne by the pioneers who go into a new country, and Red Lake is no exception to this experience, but none of the hardships as portrayed in his articles. There is no shortage of food, and with the breaking up of winter and the opening up of water transportation there will be assured shipments that will meet the demand of the men who are now there and of those who will go into the district this year. The properly constituted authorities have not and will not delegate their responsibilities for the welfare and safety of those who prospect and mine in the north country.

His false and ignorant statements regarding the geological and economic conditions in Red Lake district stamp him as totally unreliable and devoid of character or knowledge, and how the statements of such a man can be accepted and published by responsible

journals is beyond the conception of the men who are carrying on the pioneer developments in the new field of Ontario's great mineral wealth. The statement of these men who know the district goes on to say:

> We are basing our activities upon the findings of expert opinion, both official and private, and upon a wide experience in the important work of prospecting a country for economic deposits of ore, which will increase the wealth of the province and the Dominion, and resent keenly the reflection upon the character and integrity of the men who have devoted their lives to this great industry, and more especially through the inference that there is no protection and that there has been no effort upon the part of the proper authorities to safeguard in every way possible the interests of those who are interested in mining in northern Ontario.

I have in my hand, Mr. Speaker, the names of men who have been in this district and who endorse as true the facts appearing in the statement. With the consent of the House I would like to place them on Hansard. The names are as follows:

Geo. McNeely, Haileybury.
H. B. Mullins, Hudson.
M. Williamson, Cobalt.
J. L. Sweet, Cobalt.
Joe McDonough, Ottawa.
D. Ciinas Giniriay, Ottawa.
J. E. McDonough, Ottawa.
Walter J. D. Penly, Cobalt.
Peter McDonough, Cobalt.
R. J. Jowsey, Ottawa.
Digby Grimstom, Timmins.
H. I. Lynell, Winnipeg.
Chas. H. Lynell, Winnipeg.
Finlay MacCallum, Winnipeg.
H. E. Owens, So. Porcupine.
J. A. Davidson, Toronto.
Jno. W. Callinan, Toronto.
G. MacGregor, Toronto.
Alex Gillies, Toronto.

When you try to realize, Mr. Speaker, what a producing mining area, particularly at this location, will mean to our great railway systems, to the country as a whole, and particularly to the vicinity of Winnipeg, which has come in for so much adverse criticism to-night, I feel quite justified in taking advantage of the publicity following a statement in this House. I feel that the men in the north country have every justification in being incensed at any attempt to malign their efforts or to defame this wonderfully promising area. Besides, there are hundreds of intrepid prospectors, the noblest and pluckiest fellows in the world, braving the elements, risking their lives and spending their all, drawn on by some inscrutable and irresistible impulse, year in and year out, in the interests of mining which means so much to mankind, and it is easy to imagine how they resent the lying criticism of a mercenary and misinformed charlatan.

[Mr. O'Neill.]

We need capital to open up our country and to develop our natural resources. Every man in the north country welcomes United States capital. I know all hon. members will agree with me when I say that every effort should be made by the federal and provincial authorities to see that capital will receive just protection and encouragement in Canada. Braun's statements bear the opposite implication and should be refuted from every angle. For the sake of international courtesy and good-will, I trust the press will give similar publicity to this disclaimer as to the meretricious fabrications of this gypsy geologist.

Hon. R. J. MANION (Fort William): The hon. member for North Timiskaming (Mr. O'Neill) asked me as coming from northern Ontario to give him some support in the remarks which he has just made. I am pleased to do so in view of the fact that that great section of northern Ontario has, I think, been slandered by this man Braun. The Minister of the Interior (Mr. Stewart) who acts as Minister of Mines, is not in his seat, and I should like to draw to his attention the remarks of the hon. member for North Timiskaming. No doubt the Department of Mines has reports upon the Red Lake district which, according to the statement of my hon. friend, has been slandered, and I am sure those reports would show that the statements of this man Braun are gross exaggerations and slanders upon that district. It is in the interest of the Dominion of Canada that statements such as Braun has made should not go unchallenged, and I believe the Minister of Mines would be well advised if he looked or had one of his officials look into them and if possible issue an official statement from the department as to the facts of the case. I hope the Minister of Justice (Mr. Lapointe), who is leading the House at the moment, will draw to the attention of the Minister of the Interior the statements made by the hon. member for North Timiskaming.

Mr. LAPOINTE: Certainly.

Mr. W. F. MACLEAN (South York): Last week and this week in Toronto I came in touch with the Mines Department of Ontario and they are most encouraged at headquarters by the reports they receive as to the coming development not only in northern Ontario, and Manitoba, but all round that country. My feeling—and I think it is more or less correct—is that from now on we shall see in this country a mining exploration and development almost unequalled in the history of the world. It will not be confined to one province, but

it will include Quebec, Ontario, Manitoba and right across the continent. While the west has its wealth of farms with grain, cattle and all that sort of thing, a new and greater revival of business is coming to this country based on its mining wealth in the north.

Motion agreed to and the House went into committee of Supply, Mr. Duff in the chair.

Sir HENRY DRAYTON: Surely the government is not seriously proposing to open up new business now.

Mr. BOIVIN: Just one item to have it said that we went into Supply.

Public Works—chargeable to income—New Brunswick, public buildings, $51,000.

Hon. J. H. KING (Minister of Public Works): This is a small item.

Sir HENRY DRAYTON: How are the appropriations not required made up?

Mr. KING (Kootenay): The statement is as follows:

APPROPRIATIONS NOT REQUIRED 1926-27

New Brunswick

Moncton—Public building..	$100,000
St. John quarantine station—dwelling for engineer..	5,000
Shediac—public building..	8,000
	$113,000

Sir HENRY DRAYTON: Perhaps we can let this item pass and go home.

Item agreed to.

Progress reported.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. Lapointe moved the adjournment of the House.

Sir HENRY DRAYTON: What is the business for Friday?

Mr. LAPOINTE: Third readings of Bill No. 114, to amend the Customs tariff, 1907, and Bill No. 115, to amend the Special War Revenue Act; second reading of Bill No. 116, to amend the Income War Tax Act, 1917; second reading of Bill No. 150, respecting the Chicoutimi Harbour Commissioners; second reading of Bill No. 152, to amend the Opium and Narcotic Drug Act; second reading of Bill No. 153, to amend the Criminal Code; consideration in committee of Bill No. 91, to amend the Immigration Act. If we go into Supply we will take up the estimates of the Minister of Railways and the Minister of Public Works.

Motion agreed to and the House adjourned at 11.40 p.m., until Friday, June 4.

Friday, June 4, 1926.

The House met at three o'clock.

PRIVATE BILLS COMMITTEE

Mr. W. F. KAY (Brome-Missisquoi) (for Mr. Parent) presented the fifth report of the select standing committee on Miscellaneous Private Bills.

GOVERNMENT LOAN

AUTHORITY TO RAISE A SUM NOT EXCEEDING $150,000,000

Hon. J. A. ROBB (Minister of Finance) moved that the House go into committee at the next sitting to consider the following proposed resolution:

Resolved, that it is expedient to bring in a measure to authorize the raising, by way of loan, under the provisions of the Consolidated Revenue and Audit Act, by the issue and sale or pledge of securities of Canada such sum or sums of money as may be required, not to exceed in the whole the sum of one hundred and fifty million dollars, for paying or redeeming or otherwise retiring the whole or any portion of loans or obligations of Canada and for public works and general purposes, the principal and interest to be a charge upon and payable out of the consolidated revenue fund.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the House.

Sir HENRY DRAYTON: I would ask my hon. friend to give us a few more particulars as to what is to be done in connection with this money—in short, how much money is required for retirement of loans, what loans will be retired, and how much is needed for public works and general purposes?

Mr. ROBB: I will have that information for my hon. friend on Monday when I move the resolution. I noticed, on receiving a copy of the order paper, that there had been inserted in the resolution "for public works and general purposes," and that was not intended.

Sir HENRY DRAYTON: That struck me as being a little off.

Motion agreed to.

RURAL CREDITS

On the Orders of the Day:

Hon. H. H. STEVENS (Vancouver Centre): On January 8, I placed a resolution on the order paper having reference to rural credits. The government having taken kindly to the suggestion and having introduced a bill in harmony with the terms of the resolution, and as the resolution occupies a page and a half of the order paper, I ask leave to withdraw the resolution and save a few dollars or a few cents in printing costs.

Mr. SPEAKER: By unanimous consent of the House.

Resolution withdrawn.

CUSTOMS INQUIRY COMMITTEE

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I hear some reports of the government preparing for an early prorogation. I have no information personally as to when the report of the investigation into the Customs department will be brought in, but I express the hope and indeed I assume, that there will be no thought of arrangements for prorogation without providing the most ample time for the receipt of and discussion of that report.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Certainly, that is taken for granted, I think.

SENATE REFORM

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): May I ask the Prime Minister if there is to be any action taken this session with respect to Senate reform? If not, when is the next move to be made in this direction and of what character?

Mr. JACOBS: At the next sitting of the House.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I might say to my right hon. friend that the government would not like to prolong the session unduly by introducing the subject of Senate reform at this stage. My right hon. friend may be sure it will come up in due course.

Mr. MEIGHEN: I should like to know further, if it is the intention of the government to call a provincial conference on the subject this summer.

[Sir Henry Drayton.]

Mr. MACKENZIE KING: I will not say just when but no doubt a conference will be held.

Mr. MEIGHEN: Before another session?

Mr. MACKENZIE KING: I would not say as to that.

NORTH ATLANTIC COMBINE

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Referring to the subject of the Richmond Hill speech of my right hon. friend, is any action to be taken this session with reference to destroying or otherwise impairing the North Atlantic Combine, or any other monopoly by land or sea?

Mr. LAPOINTE: That is for the Montreal meeting. Keep something for the meeting.

Mr. MEIGHEN: No answer.

WATER RIGHTS IN RAILWAY BELT

On the Orders of the Day:

Mr. J. A. FRASER (Cariboo): I should like to ask a question of the Minister of the Interior relating to the administration of water in the railway belt in British Columbia, based on the following information:

In 1912 a Railway Belt Water Act was passed—amended in 1913—under which the Dominion practically transferred to the province the administration of water in the railway belt.

The 1913 act provided that all water within the railway belt should, during the pleasure of the Governor in Council, be administered under the water acts of the provinces in force at that time and it was further provided that the Governor in Council might direct that any act or portion thereof passed by British Columbia after March 3, 1913, relating to water in the province should apply to the water in the railway belt as if such act were enacted by the parliament of Canada. However such order in council had to be published for four consecutive weeks in the Canada Gazette and laid before both houses of parliament within the first fifteen days of the session next after the date thereof and such order in council was to remain in force only until the day immediately succeeding the prorogation of that session of parliament, unless during the session it was approved by resolution of both houses of parliament.

Has the procedure outlined in the aforementioned act been complied with to ensure to licensees valid titles to water in the railway belt of British Columbia? If not what is the position of the licensees of water in the railway belt in British Columbia?

Hon. CHARLES STEWART (Minister of the Interior): I hope on Monday to introduce a bill covering all the questions asked by my hon. friend. The bill is amending legislation which will cover in full all those questions.

IMPERIAL PENSIONS

On the Orders of the Day:

Mr. H. A. STEWART (Leeds): I desire to call the attention of the government, and particularly the Minister of Soldiers' Civil Re-establishment, to a return brought down in sessional paper number 155, and bearing reference number 48, relating to the administration of imperial pensions by the Canadian government. This return is clearly incomplete. It contains a copy of a memorandum or letter delivered by the deputy minister in London to the Ministry of Pensions in October, 1925, and the memorandum refers to a letter received from the Minister of Pensions dated July 13, 1925, and to a memorandum accompanying the same. There is no copy of either the letter or memorandum in this return of the date I have mentioned, July 13, 1925. I ask that that be brought down as soon as possible.

Hon. J. C. ELLIOTT (Minister of Soldiers' Civil Re-establishment): I have no knowledge in connection with the matter but I will be very glad to make inquiry and obtain the information.

CANADIAN GOVERNMENT MERCHANT MARINE—SHIPMENT OF CATTLE

On the Orders of the Day:

Mr. H. A. MULLINS (Marquette): In reference to the shipment of 116 head of cattle from the experimental farms, by the Donaldson line steamship Carma, I should like to ask the Minister of Agriculture (Mr. Motherwell) why the Canadian Government Merchant Marine was not used for this purpose?

Hon. W. R. MOTHERWELL (Minister of Agriculture): I have no detailed knowledge of the incident to which my hon. friend refers. We did send some cattle overseas but as to the exact number, the boat carrying them and date of sailing I have no details. If my hon. friend will put his question on the order paper full details will be supplied.

APPOINTMENT OF E. J. SEXSMITH

On the Orders of the Day:

Hon. CHARLES STEWART (Minister of the Interior): I promised the hon. member for Frontenac-Addington (Mr. Edwards) that I would give him an amended answer to his question regarding E. J. Sexsmith. I observe the hon. member is not in his seat but I will put the answer on Hansard. I find that I cannot file the amended answer, and therefore I will give it verbally:

Question 5.—Was E. J. Sexsmith appointed on his merits after competitive examination?

The answer is: there was no examination.

Question 6.—If not, on whose recommendation was he appointed?

The answer is that the appointment was made by the department and is of a temporary character for the purpose of endeavouring to secure repayment of loans issued to Indian soldier settlers.

Mr. HOCKEN: How many?

Sir HENRY DRAYTON: Who nominated him?

SINGLE TRANSFERABLE VOTE

On the Orders of the Day:

Mr. E. J. GARLAND (Bow River): I think the leader of the opposition has overlooked one great piece of legislation, and I would be interested in knowing what the future of that will be. I refer to the single transferable vote. Will there be legislation this session or at some subsequent session in regard to that?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I may say to my hon. friend that the government would not care to introduce one piece of legislation dealing with elections without taking up the general question of amending the Elections Act. As the government is not contemplating a general election before another session, we thought amendments to the Elections Act might well stand over till next year. If hon. friends really feel concerned about holding an election, we can still arrange to bring in amendments to the law respecting elections.

Mr. GARLAND (Bow River): May I take it as an intimation that the single transferable vote will be introduced next session?

Mr. LAPOINTE: Speaking for myself, I may say that I am doing missionary work in favour of the measure.

Mr. MEIGHEN: Will the Minister of Justice explain, in view of the previous commitment of the government with regard to the measure, with whom he is doing the missionary work?

Mr. LAPOINTE: Well, with the other side.

Mr. HOCKEN: How is the hon. member getting along?

Mr. LAPOINTE: Poorly.

WHITE BEAR INDIAN RESERVE

On the Orders of the Day:

Mr. ROBERT McKENZIE (Assiniboia): I desire to draw the attention of the Superintendent General of Indian Affairs to the contents of a communication I have received from the residents of my constituency concerning conditions in the White Bear Indian reserve, near Arcola. This is written by the secretary of the Arcola presbytery of the United Church of Canada, and with the permission of the House I will read the communication. It is as follows:

To the Honourable,

the House of Commons, Ottawa.

We the presbytery of Arcola, in the United Church of Canada, deeply concerned about the physical condition of the Indians, on the White Bear reserve, wish to draw the attention of your honourable House to these conditions, that they may be materially improved. All told there are some 235 persons on the reserve, a large number of these are suffering from physical ailments, such as discharging ears, inflamed eyes, diseased tonsils and adenoids, and especially tuberculosis, and while the medical officer is doing all he can to minister to the bodily needs of the ailing, much more needs to be done.

There is quite a number of Indians on the reserve who are tubercular some of these quite advanced, and there is practically nothing being done for them, or to prevent the spread of that scourge. On a recent visit, by some members of this presbytery it was found, that several persons, advanced in years, werein the last stage of consumption, and they had neither suitable food, or nursing, or dwelling place, and know nothing of the precautions necessary to prevent the spread of the disease.

We are aware that there are four government hospitals in the province for the care of diseased Indians, and four nurses to attend to the physical well being of the people. And while appreciating the occasional visits of Nurse Colvin to the White Bear reserve, we desire to point out, that the tie which binds Indian parents and children together is so strong that the former will not permit the latter to enter a hospital, or sanatarium, and all indian adults have such a dread of chloroform, that they are evidently unwilling to enter a hospital for treatment.

We are strongly of the belief that the Indians on the White Bear reserve need in the worst way, a resident nurse, to see to it, that those suffering from any disease have the treatment which the medical officer prescribes, so that they may have a chance to get well. At the present time, as things are, many of them are doomed to die for lack of a trained nurse, to administer medicine and give necessary nursing.

[Mr. Lapointe.]

Of the 64 houses on the reserve, ten have a shingle roof, others have sods or clay, which cannot keep out rain.

He goes on to tell about the tubercular patients sleeping on the floor under these conditions. He then says:

In several of these one-roomed houses, two families or more try to live together. Only two families on the reserve keep pigs or poultry, only one man keeps cows, and the children being raised without milk suffer seriously from malnutrition.

I would ask the minister, first, whether he is aware of the existence of these conditions and if so what explanation he can give. Secondly, if he is not aware of this state of affairs, can I have his assurance that he will properly investigate the subject and, in the event of the conditions being found to be as outlined in this communication, that some steps will be taken immediately to afford the necessary relief?

Hon. CHARLES STEWART (Edmonton, Superintendent General of Indian Affairs): I have no doubt that the allegations contained in the letter my hon friend has read are correct so far as tuberculosis is concerned. This is a disease which is very prevalent amongst the Indian tribes, and it is one which it is difficult to combat for the very reason outlined in that letter, namely, that the Indians will not leave their homes to go to the hospitals provided for the care of such patients. To establish on each reserve a hospital for this special purpose is out of the question; it would be too expensive. I think I can assure my hon. friend that the commissioner at Regina is fully aware of the conditions on these reserves particularly in Saskatchewan. Recommendation for a nursing staff was made some three years ago, and four nurses are now travelling through the provinces examining Indian children and giving such relief as they can. I am informed that this work has been very beneficial to the Indians, and good progress is being made. It would be idle to deny that there is a great deal of tuberculosis among the Indians, not only in the western provinces but throughout Canada. It is a very serious problem for the department. That, I think, is all I can say in reply to my hon. friend.

Mr. HOCKEN: Mr. Speaker—

Mr. SPEAKER: I have allowed the reading of this lengthy letter, but such permission must not be taken as a precedent.

I realize that there is urgent need for help, the Indians being after all more or less minors and wards of the government. No debate, however, may ensue. The matter is one for the department.

Mr. HOCKEN: Would not this be a suitable case for a special investigation that might prolong the temporary employment of Mr. Sexsmith?

Mr. STEWART (Edmonton): The hon. gentleman must really be joking, because Mr. Sexsmith, however estimable an individual he may be, does not possess any medical knowledge so far as I know.

WAR REPARATIONS

On the Orders of the Day:

Mr. S. W. JACOBS (Cartier): I want to ask the Secretary of State whether it is the intention of the government to introduce legislation this year to provide for the diverting of money received under the Dawes plan to the civilian population who suffered during the war. Legislation was introduced last year but upon some opposition being shown by the other side it was rather hastily withdrawn. The matter has not been taken up since and unless legislation is introduced this year it will mean that for another year those people who have suffered grievously will not receive any compensation. In the meantime the government will have this money in their possession.

Hon. ERNEST LAPOINTE (Secretary of State): There is no intention of introducing such legislation. As a matter of fact the work of investigating the claims which have been sent in is not yet completed, and then it will be a question of policy as to the distribution of the money that comes to this country under the Dawes reparation scheme. I remember the legislation introduced last year, mention of which has been made by the hon. gentleman. The object of that legislation was to empower the government to distribute the money among the various claimants, and it it was contested more generally I think than my hon. friend suggests; I believe the criticism came from all sides of the House. It was contended that we ought to consider very carefully the question whether the country itself should not retain at least part of the money for reparation of losses and damage sustained by the nation as well as by private individuals. However, the matter will have to be determined when the investigation is completed.

QUEBEC FORTIFICATIONS

On the Orders of the Day:

Mr. C. G. POWER (Quebec South): I desire to call the attention of the government and particularly of the Minister of National Defence (Mr. Macdonald, Antigonish) to a condition in the city of Quebec to which reference has been made in the press. It is alleged that the walls and fortifications of Quebec are in imminent danger of falling and of causing, in such a fall, serious damage to life and property. It is also alleged that the walls under the care of the federal government are in a filthy, disreputable and dangerous condition. I would ask the minister if he has any knowledge of these conditions and if he has any intention of effecting a remedy.

Hon. E. M. MACDONALD (Minister of National Defence): The situation in regard to the walls of the citadel at Quebec is this. From a military standpoint the citadel has become entirely obselete and the department has no great interest in maintaining it as a matter of defence. The ground, however, is of great historic value and we feel that the city and province of Quebec might well share in whatever the Dominion government might do in the way of preserving the citadel as a spot of historic interest.

Conferences have been held with that end in view and estimates have been obtained as to what the cost would be of restoring the citadel and maintaining it in a proper state of repair. Those estimates show that the cost would run in the vicinity of $425,000 so that a very costly proposal has to be considered. The department at all times has been ready to confer with the city and province of Quebec as to what steps might be taken towards the preservation of this very interesting memorial of the past.

My attention has been called to a statement in the press with reference to the condition of a portion of the ramparts and what is known as Rampart street. I desire to say in answer to my hon. friend that the records of the department show that that particular street and its condition are entirely under the control of the city of Quebec which took the street over in 1922 and assumed the responsibility of looking after it in all respects. If anything is wrong in connection with that street the fault is that of the city of Quebec.

There appears in the estimates of this year an item of $10,000 which was rendered necessary in order to prevent the falling of a portion of the citadel walls which would have imperilled lives and property, and tenders have now been called for the purpose of carrying on this work as quickly as possible.

RAILWAY LEGISLATION

On the Orders of the Day:

Sir HENRY DRAYTON (West York): We have had several questions as to legislation. There is one in which I am particularly interested and to which I was looking forward with some hope. It was referred to by my right hon. friend (Mr. Mackenzie King) in the course of his remarks. What I have in mind is the legislation to be brought down for the purpose of solving the railway problem. May I ask when that legislation may be expected and what the solution will be?

Mr. MACKENZIE KING: I am not sure that I promised legislation.

Mr. MEIGHEN: Oh yes.

Mr. MACKENZIE KING: If I made a promise it will be carried out.

CUSTOMS TARIFF, 1907, AMENDMENT

Hon. J. A. ROBB (Minister of Finance) moved the third reading of Bill No. 114, to amend the Customs Tariff, 1907.

Motion agreed to and bill read the third time and passed.

SUPPLY

DEPARTMENT OF RAILWAYS AND CANALS

The House in committee of Supply, Mr. Duff in the chair.

Railways and Canals—Civil government, salaries and contingencies, $260,155.

Sir HENRY DRAYTON: My hon. friend was to give us some information on this score.

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): My hon. friend wanted to know on the last occasion on which these estimates were before the committee the cost of the comptroller's branch.

Sir HENRY DRAYTON: The auditing.

Mr. DUNNING: The whole cost of the comptroller's branch was $82,384,59.

Sir HENRY DRAYTON: What did it cost in 1921 when it was looking after the Canadian National Railways?

Mr. DUNNING: I have not the figures for 1921. My hon. friend did not ask for that the other day.

Sir HENRY DRAYTON: That is quite true.

Mr. DUNNING: I am informed that the cost is about the same and the work is about the same as it was in 1921.

[Mr. E. M. Macdonald.]

Sir HENRY DRAYTON: I have some difficulty in accepting my hon. friend's answer and when I say some difficulty I mean considerable difficulty. In 1921 the department was actively engaged in looking after the National railways. It had its solicitors to look after it; there was this thing and that thing to be done all the time; the officials were checking accounts and the like. To-day all they are doing, as I understand the matter, is looking after the accounts of the canals. My hon. friend says that the work is about the same.

Mr. DUNNING: Yes. The last time the estimate was before the committee I mentioned the fact that during the time the department directly administered the railways the cost to which my hon. friend has reference was charged to the railways directly. In the old Intercolonial days, as will be remembered, that portion of the staff was very largely at Moncton. The same charges relating to accounting are made to-day with respect to the Department of Railways as were made prior to 1921. The items to which my hon. friend refers were always chargeable to railway accounts, so I am informed. The staff to-day is 103; in 1921, it was 104.

Sir HENRY DRAYTON: What are the items that now refer to the department?

Mr. DUNNING: This is a general summary of the work it is doing now which will probably satisfy my hon. friend:

The details of operation of the Canadian Government railways and the field supervision of construction and betterments were never matters dealt with in their detail by the departmental staff.

That was the point I was making.

The placing of the Canadian government railways under the National board of operation and management has occasioned no change in the administration of the Canadian Government Railways Act and the other acts prescribing the administration of similar property. The Canadian government railways continue to be operated under the government railways act, the only difference in relation to the departments being that a board of directors of the Canadian National Railways now perform the duties previously assigned to a general manager.

That is the only difference.

Sir HENRY DRAYTON: My hon. friend has not grasped my question. My question is: What railway work has the department now to do? What is left?

Mr. DUNNING: Railway matters dealt with by the department. I have a partial list of them before me. Those matters are: Obtaining authority of the Governor General

in Council for entering into contracts for work to be carried out on the Canadian government railways, executing such contracts and recording in connection with them—

Sir HENRY DRAYTON: Suppose we just stop at the very first one. When the matter is left entirely in the hands of the board of directors, what is the necessity of having them do their work through this department instead of through the organization which is doing so much more?

Mr. DUNNING: My hon. friend is well aware of course that although the Canadian National Railways is a system, the different parts of it still maintain their individual entities. The title to the former Canadian government railways is still in the crown. The crown must provide the necessary funds. The same recording is necessary in the department now that the work is being carried on by a board of directors as was necessary when the same work was being performed by a general manager; the relationship of the department to the board of directors is identical with its former relationship to the general manager of the system; and financing, recording and accounting in the department is necessary just as much to-day as it was then in connection with expenditures of that kind.

Sir HENRY DRAYTON: It is quite true, Mr. Chairman, that the country still owns the national railways. It is equally true that it owns the Canadian Northern railway, the Grand Trunk railway and the rest of them; it is also equally true that so far as the Grand Trunk is concerned, its identity has to be maintained by reason of certain contractual obligations which are still outstanding. But the minister is not getting sent in particulars of Grand Trunk finance, nor particulars of all the other properties that are kept distinct, and there is no reason in the world why it should be done here. Look at the farce of the thing, Mr. Chairman, in this case the minister has absolutely nothing more to do with the contracts of the Canadian National system, having regard to the Intercolonial railway, than he has with anything else.

Mr. DUNNING: My hon. friend is wrong there.

Sir HENRY DRAYTON: Technically so. But is my hon. friend going to say he is interfering in the busines management of the Intercolonial? If he is not so interfering, all this so-called work is unnecessary. The thing is perfectly plain and simple. We have separate identity in connection with this property; granted. We have got it separate in connection with the different component companies, many of them, and we have got it separate in connection with the Intercolonial railway. But there is no more reason why the department should be interfering with the Intercolonial—if it is interfering—than with any other part of the system. And if it is not interefering, wherein has it any more work to do in connection with contracts for the Intercolonial than it has in connection with contracts for what used to be the Grand Trunk?

Mr. DUNNING: I am a little surprised that my hon. friend does not know the situation much more intimately. As a matter of fact, while not interfering in any way with the management of the former Intercolonial railway, the Minister of Railways does have a definite responsibility with regard to that road which he does not have with respect to other parts of the Canadian National system. It still remains the property of the crown. The Minister of Railways is still responsible for its operation, and he discharges that responsibility by turning over matters of operation to the board of directors of the Canadian National Railway system. He cannot, however, dissociate himself from responsibility for capital or other expenditures on the property. Under the law they must be made by the Department of Railways and Canals, and the minister is responsible in a different way in connection with that system as compared with other portions of the present National system. I agree with my hon. friend that as soon as we can get refinancing of the whole property, including the old government system, it will be desirable to have the same conditions apply to all of the different entities now comprising the National railways; but until that time comes the Minister of Railways must sign all contracts for work done on the former Intercolonial, on the former Transcontinental and on the former Prince Edward Island railway. His relationship is entirely different to the former government roads from what it is to the companies which were taken over as part of the Canadian National system. I intend, of course, as Minister of Railways, to endeavour to work towards the elimination of those conditions. But so far as the Intercolonial and the Transcontinental are concerned, may I say to my hon. friend that, since he raised the point the other day, I have looked into it, so far as my time would permit, and I find that the work of the department in relation to those roads has not changed by reason of their becoming part of the Canadian National system. The relationship is only

changed in the particular to which I referred, that the former general manager is now replaced by the board of directors of the Canadian National Railways.

Sir HENRY DRAYTON: Mr. Chairman, the minister is very happily confusing matters of form with matters of substance. In matters of form he is perfectly right—if he wants to go on duplicating work he can do so. He has already turned around and said to the management that they can run this government railway. And he can let them run it; or, on the other hand, he can keep up this unnecessary organization and do just what he is doing. There is no more reason in the world why there cannot be agents for the making of a contract for that purpose than there are agents for running the railway and coming to a hundred and one decisions all the time. Then my hon. friend says that there is responsibility here in the crown for capital account. Of course there is; but there is responsibility for everything in the crown. Is my hon. friend going to tell me that in connection with capital account this government has nothing to do with it, whether it be for the Grand Trunk, the Canadian Northern or any other part of the system? He will not tell me that. If he does, he is making a most extraordinary statement. The government is responsible for every single dollar of capital account. My hon. friend knows it, and he himself has said on other occasions that so far as capital account is concerned that is something this parliament is responsible for. Well, if he was right then, it is responsible for capital account in connection with Grand Trunk extensions and contracts just as much as it is here. My hon friend can say: The department takes contracts in my name. So it does. But he knows he can take contracts in the name of his agents just the same. Just simply for the purpose of keeping on this vote of $81,000 he is treating the board of directors as agents only for certain purposes, and for all other purposes he is carrying on the old machinery.

Mr. DUNNING: My hon. friend is unfair —I am sure quite unconsciously so. The $81,000 for the controller's office is for the controller and the work of his office in connection with the whole Department of Railways and Canals. If I might be permitted to say so, the argument my hon. friend last advanced, if sound, is surely an argument for an increase in the staff. If I am responsible as Minister of Railways for all the capital expenditures of the Canadian National, then naturally I require a larger staff than in former Intercolonial days when the minister was responsible only for the Intercolonial and the National Transcontinental. However, that would be a quibble.

Sir HENRY DRAYTON: Worse than a quibble—nonsense.

Mr. DUNNING: Then the nonsense is his.

Sir HENRY DRAYTON: No. My hon. friend admits that it is a quibble. I say it is worse.

Mr. DUNNING: There is a statutory duty here, and as long as the Minister of Railways feels the responsibility which he ought to feel in relation to a statute he will feel a more detailed responsibility with respect to contracts for work done on the former government railway system than he will feel with respect to those portions of the present National system which were formerly operated under private companies. I may say to my hon. friend that formerly he operated for two years or more under the system which still obtains, because it was recognized there, as it is recognized to-day, that until we can put this system together financially, these distinctions must be maintained. We must know how that property stands against which there are no mortgages and no securities, and we must know how each of the various constituent companies stands in relation to the whole. I can assure my hon. friend, however, that I will look carefully into the necessity for this in the future; he knows that I have been but a short time in the department. Since he first raised the matter, a few days ago, I have satisfied myself that this is needed for the present at least. I can further assure my hon. friend that if I find it not needed I will undertake not to spend the amount, and to reduce the staff if a reduction is possible. Further than that I cannot go at present.

Sir HENRY DRAYTON: My hon. friend says my argument was one for a larger staff instead of a smaller staff, and then he was good enough to say that his statement was a quibble. He might have gone still further and said that his statement was pure nonsense as well. The minister says that if he is responsible for the capital accounts of all these different lines he will have to add to the staff.

Mr. DUNNING: No, no.

Sir HENRY DRAYTON: Well, the nonsense is admitted, so we will get rid of that. Then the question arises of any responsiblity for capital as to one part of the system or the other; it arises in the minister's own admission. He now shakes his head; he thinks he has it both coming and going, but things do not work that way. With regard to capital expense the government has the responsibility of seeing to it that the public moneys are not pried loose without parliamentary authority. I think my hon. friend will absolutely agree with that; capital expenditures cannot be made except by the vote of the representatives of the people, and new obligations cannot be so taken up. Does my hon. friend agree with that, or is it his view that new capital obligations can be taken on without reference to parliament? The minister has not yet made up his mind; I think we should know before this item passes, because it is a very simple thing. Will the minister tell us what his view is as to whether capital expenditures should be made and responsibilities incurred without leave of the House?

Mr. SMITH: I would like to call to the attention of the minister the railway conditions in the east, referring particularly to the railway service between Maccan and Joggin Mines, in the county of Cumberland. This line is owned by the Maritime Coal and Power Company, and has been described on various occasions as a disgrace to the community and to Canada. The country served is rich in coal, lumber and agricultural production of various kinds. Appeals have been made to me on various occasions to place this matter before the government and ask if they cannot do something to improve this service. It is quite true that this line is not owned by the Canadian National Railways, but it can be secured by them and I am told it has been offered at a very fair and reasonable price. These people have suffered for a number of years because of this inadequate service, and I would respectfully request that the minister take this under consideration in an effort to improve railway conditions in this county.

Mr. DUNNING: I cannot undertake that we will purchase any more railroads at present. There are a number of ventures, large and small, in various parts of Canada, which desire to fall into the lap of the Canadian National system, one of which is the road referred to by my hon. friend. I would not like to undertake the purchase of any more railways at present; we want to see a little more of what we already have before we undertake fresh obligations in that connection. But I can assure my hon. friend that I will be very glad to look into the matter in regard to the operation of the road, and see if anything can be done. Is this line operated by the Canadian National system to-day?

Mr. SMITH: No, it is a private line.

Mr. DUNNING: Then I cannot hold out much hope to my hon. friend of any more railroads being purchased at present.

Mr. SMITH: I am informed from most reliable sources that this small line is a paying proposition and has been paying for the past number of years. It serves these mines I have spoken of and also a country rich in other resources. So far as the operation is concerned the Canadian National would not be losing by absorbing this line, which can be secured at a very reasonable figure it is said.

4 p.m.

Mr. DUNNING: There are a number of factors which have to be taken into account in considering whether a privately-owned railroad can be operated as profitably by the Canadian National system. A private road would be able to charge much more for some local rates than would be possible under the National system, and in addition they would be able to pay lower wages, generally speaking. The hon. member and those owning the road have a perfect right to put before the minister a proposal referring to the purchase of the line, and if that is done the matter will be examined from every standpoint. That would be the best course to pursue, but I cannot give my hon. friend much encouragement in the way he desires.

Mr. SMITH: I hope the minister is not insinuating that I am acting for the company in any way.

Mr. DUNNING: No; I am sorry if my hon. friend gathered that impression.

Mr. SMITH: I wish to assure him that I have no connection whatever with the company, nor have I approached the company in this matter. Indignation meetings have been held in this district because of the poor service, and I was asked to bring the matter to the attention of the minister on behalf of those living in that locality.

Mr. NICHOLSON: If the statements of the minister are correct, notwithstanding the creation of the Canadian National Railways board and the transference of the Intercolonial railway to the board for operation, we still require a duplicate organization.

Mr. DUNNING: Not at all.

Mr. NICHOLSON: My hon. friend says not at all, but just look at these items; chief engineer; assistant chief engineer; structural engineer; travelling auditors; senior assistant engineers; draftsmen and right of way agents. Are these not the executive officers who formerly had control of the operations of the Intercolonial railway? In order that we may clear the matter up, is the House to understand that in connection with matters of bridge construction, engineering, the securing of rights of way and all these matters necessarily coming into the operation of the Intercolonial and Transcontinental railways, the Department of Railways and Canals take charge of and supervise the work, apart from the Canadian National Railways? The minister shakes his head and says no; then why this organization?

Mr. DUNNING: I explained that matter fully the other evening when we were in supply on the item; I gave a list of the employees, those exclusively connected with canals, and those who had a little to do with both canals and railways. We need engineers in connection with the canal system of the country. The list which my hon. friend read a minute ago relates to canals. If he refers to the Hansard report of the debate on the other occasion on which this matter was before the committee he will find that I gave complete details mentioning the work of every officer. In the main these officers are doing canal work. The right of way agent is doing, it is true, some railway work as well in connection with the Canadian government railways; but we need a right of way agent in connection with our canal work, especially as long as the Welland canal construction is in progress, because there are expropriation proceedings and acquirements of right of way in connection with that work. Practically all of those to whom my hon. friend has just referred are canal officers, and they are necessary in connection with the canal work, which is a very large work indeed.

Mr. NICHOLSON: Some of us have reached the conclusion, or have been led to the conclusion by statements that have been made, that the Canadian government railways were no longer under the control of the Department of Railways and Canals, but had been transferred to the Canadian railway board and had become non-political institutions. But if the minister's statement is correct, before the board of directors or the officials of the Canadian National Railways can determine any matter in relation to rights of way, the construction of bridges or the construction of branch lines and the direction in which they are to run, and so on, it must come under the direct control and supervision of the Department of Railways and Canals. Consequently we are simply retaining the dual organization. Is there any reason why these railways after they have been under this board for four years, should continue that relation any more than in the case of the Grand Trunk Railway? To say that the one is the property of the Canadian people while the other is not is pure fiction. The Grand Trunk, the Canadian Northern and the Grand Trunk Pacific are just as much the property of the Canadian people. In what respect do they differ? Have the Canadian people no responsibility in connection with the so-called Canadian government railways that they have not in connection with the others? If there is a deficit on one, who pays it? If capital expenditure is to be made on either, who pays it? They are all a direct charge on the Canadian people, and it is purely and simply because of the maintenance of this fiction that we are unable to ascertain just what these railways are costing either to operate or to capitalize. Four years have elapsed since the last act considered necessary was passed in order to round out and complete this system, and practically four years since the present board was appointed to consolidate these railways and make them into one system. And yet to-day we are faced with the fact that the Transcontinental and the Intercolonial, with all the branch lines connected therewith, are still under the direct control of the Department of Railways and Canals, and that the Minister of Railways must, in the final analysis, be responsible for their operation. That is the conclusion from the minister's own statement.

Mr. DUNNING: No, no. I must protest at such words being put into my mouth. I have explained at least three times on this occasion, as well as on the former one, and may I say again to my hon. friend, that so far as operation is concerned they are absolutely and completely under the board of directors of the Canadian National Railway. Now is that clear? The minister has nothing to do to-day with operation. We are discussing here staff matters. The relationship of the minister to the road is the same as it formerly was, with this difference—that instead of a general manager of the former government lines there is a board of directors. That is the only difference. The departmental relationship is just the same. As to the difference between the former government

lines and the lines taken over from other companies I have already dealt with that, I think, on some three occasions. And may I point out to my hon. friend that my responsibility in connection with the Grand Trunk Pacific is entirely different from what it is in connection with the Canadian National Railway. It is with respect to the property in a capital sense and with respect to indebtedness in the hands of a receiver; the Minister of Railways is the receiver operating under direction from the Exchequer Court of Canada. There again the property relationship is an entirely different one. I have documents by the score to sign in connection with the Grand Trunk Pacific Railway, as receiver, dealing with matters entirely different from those dealt with in any other connection, because the same matters affecting other parts of the system are dealt with by the Canadian National railway board. The same is true with reference to the Canadian government railways. The act with respect to the Canadian government railways remains to-day exactly as it was when the Canadian National Railway System was created, and it is not thought wise to change that relationship until it is possible to put the whole system together into one financial entity. So far as staff matters are concerned I can assure my hon. friend, from what I now know, that it will make very little difference after all in connection with the controlling of the railway system. We are taking now the salaries of 93 employees all told in the Department of Railways and Canals who have to do with the administration of the canal system of the country, and also such supervising of canal work as is necessary between the Canadian National Railway board and this parliament. That is what we are talking about. So far as political control of operation is concerned I object in the strongest possible terms to any such interpretation as the hon. gentleman has placed upon my words. The whole railroad system from the Atlantic to the Pacific, so far as operation is concerned, is under the control of the board of directors, and no interference of any kind occurs so far as the minister is concerned.

Mr. NICHOLSON: Just in relation to this confusion of the relationship of the roads. My hon. friend brings in the receivership of the Grand Trunk Pacific, and uses that to support an argument in connection with a similar relationship that is maintained in regard to the Canadian government railways or the Intercolonial and the Transcontinental. He again uses that argument, as was done on a former occasion, to maintain the position that because of these relationships and the act at present in existence in regard to the Intercolonial and Transcontinental it is impossible to consolidate these lines for capital purposes. Surely the minister is not going to take the position—notwithstanding the fact that he has only been in office as Minister of Railways for a comparatively short time—that the receivership of the Grand Trunk Pacific or the act in relation to the Intercolonial and Canadian National railways prevents action being taken that will bring the whole of these lines into one entity for financing purposes and directly under the control of the board of directors of the Canadian National Railway? The fact that the minister is receiver in form —I repeat in form, and in form only—because of the peculiar conditions under which the Grand Trunk Pacific went into bankruptcy, does not entitle him to take the stand that he does. Why was the receivership created? Because the Canadian people were, in reality, those who foreclosed. The government of Canada were the only individuals that could establish a receivership. It was to protect their own investments or guarantees that the road was taken over. But surely my hon. friend does not mean to tell us that now, after a lapse of four or five years, that condition maintains and that the railways must be continued as separate entities and financed in the confusing manner in which they are at present. I take it it is not in order at this time to discuss the capital expenditure in connection with these railways, but when the proper item comes up we shall see the direction in which this leads. With regard to the political operation, the minister says that the only difference at present is that the board of management or board of directors are taking the place of general manager, and that the minister occupies the same position he formerly did. That is exactly the point I make. The minister gave directions to the general manager as to what the policy in relation to the railway should be, and if the same relationship now exists, then the present ministry gives directions to the board of directors as to policy.

Mr. DUNNING: The hon. member is again putting words into my mouth. The whole point arose out of the hon. member for West York endeavouring to show that the Department of Railways and Canals could get along with a smaller staff. So far as the staff relationships are concerned the position is as I have indicated. It is not that the Minister

of Railways dictates policies to the management of the railway. I shall say no more about it.

Mr. NICHOLSON: I resent the assertion that I twisted anything or put anything in the mouth of the minister. I took the minister's own words, namely, that the only change in relationship was that the board of directors took the place of the general manager. Is that an unfair statement of the minister's position?

Mr. DUNNING: Yes.

Mr. NICHOLSON: Did the minister not say that the only change was that the board of directors took the place of general manager?

Mr. DUNNING: So far as staff relationships and control are concerned.

Mr. NICHOLSON: What other relationships are there? If the board of directors occupy the same position in regard to staff relationship and control as the general manager formerly did, am I twisting it when I say that the minister is now in the same relationship to the board of directors as he was to the general manager?

Mr. DUNNING: Yes, you are.

Mr. NICHOLSON: Then I cannot understand the English language or the interpretation of the minister's language. His position was perfectly clear.

Mr. DUNNING: My hon. friend knows perfectly well what the position is. He can go on talking, but I do not think I need talk. The committee understands the position perfectly.

Mr. NICHOLSON: I frankly confess that before the minister spoke, and before he stated that it required the same expenditure and the same staff now as it formerly did, because of the same relationship existing, I had been under the impression that the relationship had changed. But it is on the strength of the minister's own statement that I take the position I do. Going back to the question of capital expenditure, while the minister and the government must be responsible, in so far as the expenditure itself is concerned, its authorization and administration, so long as it remains in the hands of the minister and of the government, political interference with the railways will continue and the severance of that relationship cannot be put into complete practice. That is the position.

Sir HENRY DRAYTON: The minister has not told me yet what his views are as to whether or not we have any parliamentary control of the capital accounts of the railway generally, and whether in his view capital expenditure can be or ought to be entered into without the authority of a vote of this House?

Mr. DUNNING: My hon. friend has stated his question in three different forms, or has asked three different questions—

Sir HENRY DRAYTON: I am trying to get an answer.

Mr. DUNNING: —each of which would really demand a separate answer. If my hon. friend asks whether the railways can make any capital expenditures without coming to parliament, my answer would be yes, because if it were necessary to come to parliament for authority with respect to every expenditure on capital account we could not run a railway; my hon. friend knows that as well as I do. But if my hon. friend's question is, can the railroad, without coming to this House or without the authority of the minister or the government, undertake capital expenditures which mean entirely new obligations, then my answer is no. He stated it both ways, and is probably trying to get me to say something I do not mean.

Sir HENRY DRAYTON: It is difficult to get the minister to say anything at all, except to make a speech. We cannot get him to answer a question. We would make better headway if the minister would answer the questions instead of making speeches. But it is his privilege to make a speech. If I put it in three different ways, it was an effort to get an answer. We have got an answer. My hon. friend is very much pleased with the answer, and so am I, and his laughter is very well timed. He has given a proper, sensible and correct answer. He has referred to the receivership of the Grand Trunk Pacific Railway Company as one of the difficulties he meets with, and is referring to that in connection with the staff and the vote. My hon. friend is shaking his head. I do not know what he means. I think he referred to it as an argument in connection with his vote. Perhaps he merely referred to it as something nice to talk about. If he referred to it in connection with this vote—and we are on it now—I think we ought to know when the receivership is going to stop. If I remember rightly, we have had a receivership of the Grand Trunk Pacific for about six years. Is that job not pretty well wound up by this time? What is the difficulty in winding up the receivership now? Why should he be troubled with all the papers he has to sign? Can we not relieve him of that obligation?

I sympathize with him, but can we not get rid of that receivership now? Receiverships usually are not perpetual, and I think this has run about six years, perhaps not quite that long. Let us get rid of it and save money. What does the minister say as to the receivership?

Mr. DUNNING: My hon. friend complains about my making a speech in answer to his question, and yet he asks a question which could not be answered in a speech of less than half an hour.

Sir HENRY DRAYTON: I did not know that, but I am prepared to listen.

Mr. DUNNING: There are some questions which cannot be answered yes or no. For instance, if I asked him when he stopped beating his wife—

Sir HENRY DRAYTON: Cannot the minister ask something fresher than that old chestnut?

Mr. DUNNING: With regard to the Grand Trunk Pacific receivership, I do not think we would gain anything by discussing the Grand Trunk Pacific situation at this stage. My hon. friend is as fully aware of the difficulties as I am, and I dealt with the matter fully when the railway budget was before the House. With regard to the general question I am just as anxious as anyone else to have a financial structure created in the shortest possible time for the railway system which will enable it to become, if not at once, at least in the course of time, a financial entity. But I want to tell him what he knows, that that is no light task. It is one of the most complex matters possible, and I assure him that I do not want to be badgered into making decisions too hastily in regard to the course which should be taken. It requires very great consideration and study, not only to choose the right course but to get a complete understanding of all the complexities. I endeavoured to outline the situation when I presented the railway budget. I take it he wants an assurance from me that we are going ahead to do the best we can. I give him that assurance with pleasure. Beyond that I do not think we should go at present.

Sir HENRY DRAYTON: When does the minister think we should discuss the Grand Trunk Pacific matter? Of course he could have told us some of the matters connected with it; for instance he could say, "Such an account is unadjusted; there is a disputed balance in another account, and so on, and we think all these things might be got rid of in time. It is not necessary to make a speech on the question of the Grand Trunk Pacific receivership. I should have thought most matters in dispute outside of the difficulties my hon. friend has in connection with payment of deferred accounts have gone. Unless my hon. friend says so, of course I do not know. When does my hon. friend think he should give us the information as to the receivership of the Grand Trunk Pacific? Under what item should it come? I shall be glad to postpone the discussion until then.

Mr. DUNNING: When the main estimates, which are now before the special committee on National Railways and Shipping, of which my hon. friend is a member, are before the committee, when we reach the necessary provision for the Grand Trunk Pacific account, that is the proper place to get details in regard to it. I did not expect to reach those estimates to-day and I have not the detailed information in regard to the matter, but it can be inquired into before the special committee.

Sir HENRY DRAYTON: I do not want to press my hon. friend further with regard to that. What railway accounts does this staff take cognizance of and take into its books?

Mr. DUNNING: We have five men on the auditing staff of the Department of Railways and Canals. They have of course to do the usual departmental auditing in connection with canal work. A great deal of work is going on in connection with the construction of the Welland ship canal and this requires work of that character. Their relationship to the railways is that they are required to audit the disbursements of all sums paid out by certificate signed by the Department of Railways and drawn on the Minister of Finance, charging them to whichever of the constituent companies payment is to be made. If payment is to be made to the Canadian Northern, the disposition of it along that line must be audited by our officials. If the disposition is to the Canadian government railway account within the Canadian National system, a certification is required to that effect, and so on all along the line. That is not heavy work. The best evidence of that is the fact that in the whole department we have only five men doing that work in addition to auditing the big expenditures on canals.

Sir HENRY DRAYTON: I do not know exactly what my hon. friend calls heavy. We used to be told that we were very extravagant

in our administration. If the hon. gentleman had been here in 1921 he would have thought it was simply terrible the way the finances of the country were being run.

Mr. DUNNING: I did think so.

Sir HENRY DRAYTON: That being so, I am glad to draw something to my hon. friend's attention before he completes his smile. This vote in 1921 was only $194,162 at a time when my hon. friend on his own statement thought money was being thrown away. If it was throwing away money to pay out $194,162 for salaries in 1921, what does my hon. friend say now when he wants a vote of $28,000 greater? If my hon. friend is serious—and I assume he is—when he thinks that the votes of 1921 were entirely too great, how does he justify a much greater vote at the present time?

Mr. DUNNING: There is one less of a staff now than there was when my hon. friend was Minister of Finance in 1921. The increase is entirely due to reclassification which my hon. friend well knows is under the control of the Civil Service Commission.

Sir HENRY DRAYTON: My hon. friend must know he is wrong when he says that is entirely under the control of the commission. The minister can always decline; he can always refer back. How much is now being annually paid in connection with this service for pensions and superannuation?

Mr. DUNNING: That is under the Department of Finance.

Sir HENRY DRAYTON: Surely the department knows. Other departments know. Only the other day we had this up in the Department of Customs and I got my answer without any difficulty. When we talk about comparing costs and when we have people who have been newly appointed at lower salaries than the former ones were receiving, it is also proper to know what it is costing us in getting rid of the former employees. This information is said to be in the Department of Finance. I wonder whether out of the staff of accountants we have in the Department of Railways, costing us $81,000 a year, the truth is that they do not know what is being charged in connection with their department under superannuation and pensions. There are other departments with smaller staffs that know. If my hon. friend wants to draw comparisons, let us get the facts. The expenditures of 1921 that he referred to as being altogether too big—

[Sir Henry Drayton.]

Mr. DUNNING: I never said any such thing.

Sir HENRY DRAYTON: Very good. Then I am entirely mistaken in my hon. friend. He thinks the expenditures of 1921 are most reasonable. He must of course when he is asking for so much more. It is a belated confession and I will let the item go through.

Mr. WOODSWORTH: Might I ask the minister whether his department has given any attention to the needs of settlers along the line of the Greater Winnipeg water district? When the aqueduct for the supply of water to the city of Winnipeg was constructed some years ago it was found necessary to build about 93 miles of railway all the way from Winnipeg to Shoal lake on the lake of the Woods in order to construct the aqueduct. After the aqueduct was built all that was necessary was to maintain the railroad for patrolling purposes. A large number of settlers, however, had gone in along the line and they practically insisted that the railway should continue to give service. This service is being operated at a slight annual deficit. The Dominion government itself is securing from the timber lands revenues of something like $25,000 a year. The people of Winnipeg and the members of the board of the district feel that the government ought to do something to meet the operating deficit, either by way of subsidy or by way of land grants that would help out. At the present time the Greater Winnipeg water district is supplying the needs of those settlers without getting any return whatever. Has the minister considered the situation and is it possible to accede to the requests of the district that some provision should be made in the circumstances?

Mr. DUNNING: The particular case in question has been brought to my attention by several hon. members from that part of Canada; it is now before the department and I am having it looked into. I must say to my hon. friend what I said to one of the Nova Scotia members across the way a few moments ago; I cannot hold out any hope that we are buying any railways, neither would I say that it would be a good policy to commence agreeing to pay deficits on any road built by a water district or whatever organization secured a charter to build a road. I shall be glad to go into the matter with some care and see if there is any way in which the department can properly be of service in the premises.

Mr. WOODSWORTH: I am sure the minister would not care to have the Winnipeg water district pull up their road and leave these hundreds of settlers without any accommodation whatever.

Mr. DUNNING: Of course there are legal aspects to that which are now being looked into. A person who owns a road or secures a charter to build a road in this country is under certain obligations. I am not sure exactly what obligations exist in the particular case to which my hon. friend refers, and that is one of the points now under investigation.

Mr. HEAPS: The road was built for the purposes of the aqueduct and so far as Winnipeg is concerned there is no necessity for its maintenance. But the people who have settled in the area served by the road, and who have done very well at farming, are anxious to have it kept up. Other roads have received assistance from the Dominion government and it is only right that this one should be helped in the same way.

Mr. HAY: I would impress upon the minister the necessity for doing something in this connection in the interests not so much of Winnipeg as of the settlers in that district. Has the matter of a land grant been called to the minister's attention? I understand that the commission operating the railway would be satisfied with such a grant from the Dominion. There are certain lands reserved along the line for the purpose of assisting the railway in the matter of ties and timber, and the commission would be satisfied to obtain a land grant out of that reservation.

Mr. DUNNING: That is a part of the representations that have been made to me in writing and it is under consideration. I do not want to be understood as promising anything in regard to any matter involving the taking over of railways or the meeting of deficits in connection with any line not now operated by the Canadian National system. I can assure the committee that one of the greatest difficulties which the Canadian National Railways have to cope with now is the desire of people all over Canada who own private lines to get rid of them to the National system, not for the benefit of that system but in order that they may get from under obligations of their own. There are far more propositions of that kind than most people have any idea of.

Sir HENRY DRAYTON: The minister is right in that regard: these demands are frequently made and generally speaking they are not profitable. The minister touched a matter of considerable importance when he pointed out to the hon. member (Mr. Heaps) that certain obligations were involved in the taking up of rails and the stoppage of service on the one hand, and the continuing of operations on the other. I wonder whether he could arrive at some policy in this regard? Of course, it is exceedingly difficult to make an insolvent firm operate. While our idea in constructing railways is to open up the country for the benefit of the public, the promoter's idea is to make something out of such enterprise. He expects a return from his investment, and in the case of actual loss it is hard to compel operation. But if operation cannot be enforced it is difficult to see why the property should not be salvaged to such an extent as is possible. The Canadian National system itself has gone the length of lifting tracks and so discontinuing particular services. I have in mind the radials around Toronto for the purchase of which the Hydro-Electric at one time made an offer, which was refused. The radial to Woodbridge running up through the county of York has discontinued operating and the rails are about to be lifted. My hon. friend from North Winnipeg will agree that if it is proper for the Canadian National Railway to lift particular rails, simply because some service is not paying, and thus inconvenience the public, it is rather hard to complain if anyone else does the same thing. The minister perhaps will look into that.

Mr. DUNNING: I have already looked into that particular case at the request of the hon. member for North York (Mr. Lennox), although my information on the subject is as yet incomplete. Owing to representations which have been made as to the likelihood of persons desiring to purchase, the taking up of the rails has been stopped for the time being.

Sir HENRY DRAYTON: Suppose municipalities should offer to purchase roads which are really municipal, the government ought to be only too glad to hand them over the burden of providing the service which at present the National system cannot afford. Where the National system is unable to give service some arrangement ought to be made with the municipality.

Mr. DUNNING: I shall of course give consideration to any suggestion of that kind.

Mr. NICHOLSON: Have the board of directors or the officers of the Canadian National Railways given any real consideration to the question of duplication of lines wherever such duplication now exists? I do not want to go into details and I am not

raising the question from any controversial point of view. I know what difficulties have to be encountered. I think however that very material revisions should be made before we can hope to have the Canadian National Railways operating economically. It will be admitted by the officials that there are existing lines that should be abandoned and from which rails, fastenings, and everything else that can be salvaged should be removed. This would tend to a reduction in operating costs. What position do the board of directors and the officials take in relation to that question? As one who has always taken an interest in the Canadian National Railways I have been disappointed in the fact that greater progress has not been made along that line, because we cannot hope to reach a sound economical basis of operation while unnecessary mileage is being retained as part of the Canadian National system.

Mr. MACLEAN (York): Mr. Chairman—

Mr. DUNNING: I presume my hon. friend is going to make the same point?

Mr. MACLEAN (York): I will wait until the minister is through.

Mr. DUNNING: It may mean on my part two speeches instead of one—something to which my hon. friend from York objects very much.

Mr. MACLEAN (York): Now, Mr. Chairman, a real question has come up. I admit what the hon. member for East Algoma (Mr. Nicholson) has just said, that there are unnecessary duplications on the Canadian National. But there is the wider question, and this discussion gives me an opportunity to reiterate what I have said so often in this House, namely, that our two great railway systems have an enormous mileage of unnecessary duplication. When that duplication is removed by consolidating the two systems there will follow re-routing, which competent railway engineers say would save an enormous amount of money, improve the service and admit of lower freight rates. What I want to get in the minds of hon. members and of the taxpayers of this country, who have to pay $400,000,000 a year now for this unnecessary duplication, is that the railway problem before Canada to-day is not quite in the limited form in which my hon. friend from East Algoma has stated. Let me put it again before the House and before the country, and I warn hon. members that I am going to continue to do so until action is taken by those in authority. This unnecessary duplication must end, there must be a consolidation, and a new system of re-routing must follow, a system based on using the best grades, the best bridges and the best tunnels of the composite railway. I am advised that this re-routing would improve the service by 40 per cent at least. Out of the economies affected it will be possible to reduce freight rates and pay interest on the whole railway debt of Canada, which I put at $2,000,000,000—or $1,000,000,000 if you like. I do not want the minister to commit himself to my proposal to-day, but he will be unfit for his office if within a short time he does not take up this question, which if dealt with as I have pointed out would give what the farmers were crying for here the other day—lower freight rates. And with this consolidation of the two railway systems you would get a consolidation of ocean and lake services that would also contribute to the lowering of freight rates.

There has been very little courage displayed in this House in criticism of the railway problem in the direction that I have spoken of, but it is the one problem that the people are thinking about all over the country. Where these duplicate services exist you ride in half empty trains and you realize that all the passengers could be carried on one train. We find duplicate services racing up and down from here to Toronto, from here to Winnipeg, from here to Montreal. This is an insane proceeding. There is my friend the Minister of Finance (Mr. Robb) over there. He has to foot all the bills. He knows that what I say is true. He knows it is a problem that must be dealt with by this House, but the attitude of most of us is to sidestep it. The Minister of Railways is not responsible for the present condition of affairs, but he will be responsible if he attempts to sidestep the problem now that he is in a position to deal with it. He came down here as the Napoleon from the west. Now is Napoleon's opportunity. Do not let it be his Waterloo; let him think of some of Napoleon's great victories. Here is an opportunity for the new Napoleon from the west to deal with this question. Before the next general election the people will be thoroughly educated and will realize the inaction of hon. members of this House. So I warn my hon. friends and prospective members of this House that when they appeal to the country for support they will have to deal with this question. I am quite sure the Minister of Finance will force the Minister of Railways to give him some encouragement that he is taking steps to cut out this wastage. Having said that, I quit for the moment, but as a friend of mine said here the other day, when a certain gentleman

down the way made a speech he was going to make another speech, I say also that it will not be long before I shall repeat what I have said in trying to emphasize the necessity of putting a stop to the present unnecessary duplication of transportation services by consolidating our two great railway systems.

Item agreed to.

Hudson Bay railway—construction and betterments, $3,000,000.

Sir HENRY DRAYTON: My hon. friend is not taking that up to-day, is he?

Mr. DUNNING: Well, I advised many members who asked me as to the time and date that I would take this vote up to-day. Many are here who are interested in it.

Mr. MACLEAN (York): Go ahead.

Sir HENRY DRAYTON: There are very few here at present who are interested in the vote, and perhaps that is the reason why my hon. friend wants to go ahead with it. But I venture to suggest to him it is generally poor policy to do that. This supply was put on at the very tail end of a long order. At least I think it is the last. I should like to be right so I will look it up.

Mr. LAPOINTE: You are right.

Sir HENRY DRAYTON: Usually the government are supposed to pay some attention to the order in which they announce the business of the House. I think my hon. friend the Minister of Justice (Mr. Lapointe) will agree with me there also. This is what we were told yesterday we were to do to-day:

Third readings of Bill No. 114 to amend the Customs Tariff 1907,—

I think that bill has been passed.

—and Bill No. 115 to amend the Special War Revenue Act;—

I do not think that has been touched.

—second reading of Bill No. 116 to amend the Income War Tax Act 1917;—

A long measure.

—second reading of Bill No. 150, respecting the Chicoutimi Harbour Commissioners; second reading of Bill No. 152, to amend the Opium and Narcotic Drug Act; second reading of Bill No. 153, to amend the Criminal Code; consideration in committee of Bill No. 91, to amend the Immigration Act.

Then merely as a possibility, not as an indication, we were told:

If we go into supply we will take up the estimates of the Minister of Railways and the Minister of Public Works.

Instead of that we are going straight ahead. I did not object to the introduction of the other item because I did not think many gentlemen wanted to speak to it, but I know a great many hon. members will speak on this item, and the notice given was merely an alternative that if this long list of business was finished and supply reached, we might go into the estimates of this department. I do not think the Hudson Bay railway vote should be proceeded with.

Mr. DUNNING: I find nothing inconsistent in our procedure to-day with the statement of the Minister of Justice (Mr. Lapointe) on Wednesday evening; there was certainly liberty given to go into supply. My hon. friend reads a meaning which is not in the words:

If we go into supply we will take up the estimates of the Minister of Railways and the Minister of Public Works.

It was in no way contingent upon the other matters referred to going through. I did give an assurance more than a week ago to a number of hon. members on both sides of the House that to-day was arranged on this side for the debate on the Hudson Bay railway, and I am sure that hon. members interested were so advised. I think my hon. friend opposite (Mr. Hay) and others spoke to me, and I am now all prepared to deal with the matter.

Sir HENRY DRAYTON: I do not know whether the word "if" is a conditional word or not; I had the idea that it was generally so intended. But I am not standing on anything except the ordinary usage of this House. I do not know what the practice of the hon. member may have been in Saskatchewan, whether when he gave a list he stuck to it or whether he always took the end first and otherwise tried to mislead the oposition.

Mr. DUNNING: I must protest; that is grossly unfair and unwarranted on the part of my hon. friend.

Sir HENRY DRAYTON: There is nothing at all unfair. I read this list as it is printed, and I suggest that if my hon. friend's practice in Saskatchewan was to take the tail and make it the head in order to mislead the opposition, that has not been the practice in this House.

Mr. DUNNING: Again I must protest; it has not been my practice to mislead the opposition at any time.

Sir HENRY DRAYTON: Then my hon. friend should withdraw his statement and go on.

Mr. DUNNING: I think it is my hon. friend who should withdraw. Surely when a list is presented it is not obligatory upon the government to follow it in every detail. The question asked is as to the business for the next day; the business is stated in any order, and I venture to say that if I looked up Hansard I could find where my hon. friend has answered such a question in exactly the same way and then, on the succeeding day, taken up the business in whatever order suited him as the minister concerned. To attribute deceit is surely not fair.

5 p.m.

Sir HENRY DRAYTON: The list is exactly as I read it, with the word "if" included.

Mr. DUNNING: Yes; "if" we go into supply. We are in supply.

Sir HENRY DRAYTON: I understood you were trying to clean up this order paper; the order paper is pretty well set out here, but it may be that I am wrong in my idea. I simply point out what I read before and what I read fairly, as it is printed, without anything in addition, but so far as I am concerned it is a matter for the government to do as they please.

Mr. HAY: With respect to this item, I think the minister gave notice about a week ago in answer to a question from some hon. member deeply interested in the question; the minister said this particular item would be taken up when his estimates were next under discussion. Consequently I cannot see how the House has been led astray. I see no reason why this item should not be taken up, since a good many of those chiefly interested in it are present, and I can see no cause for delay at present.

Sir HENRY DRAYTON: Perhaps we will be able to get some particulars here. In the first instance the country is entitled to have —whether some members and their constituents who are particularly interested in this question think so or not—a full discussion of this item, and there will be a full discussion, regardless of any efforts made to force the item through this House. We are entitled to know exactly what the governmental programme is; we are entitled to know exactly how this money is to be applied. The country is also entitled to know how much money is to be spent in carrying out the project as a whole. We have now before us a vote which, as I understand it, is for the present—I will not say requirements, because I do not know what they are, but this vote will be used during the current year. Then I think we are entitled to know whether it is contemplated to do more than complete the railway, for example, whether in the opinion of the government it will be necessary to supply boats for the service; whether, in case boats are supplied or in any event, it is in the opinion of the government necessary to protect, lighthouse and generally look after these seas in the same way other approaches are protected. We should know what the cost will be, and whether terminals are to be erected at this point. In other words, we are entitled to know the complete particulars of the full commitment.

[Sir Henry Drayton.]

Mr. DUNNING: If my hon. friend had put his request for a postponement of this discussion on the ground of courtesy and having regard to the fact that only some ten members of the Conservative party are present in the House on the occasion of a discussion of such importance, I would have been glad to accede to his request. But he put his request on the ground that deception was being practised, and I again call to his attention the fact that more than a week ago, when I was asked a question by an hon. member opposite, I indicated that on the next occasion we were in supply on railway estimates this matter would be taken up. In addition to that, a number of members on both sides of the House spoke to me privately about the matter, and I indicated that it would come up to-day. I quite appreciate that the empty chairs opposite do not mean that hon. gentlemen are not interested in this project and do not desire information regarding it, but they do mean that a certain meeting in Montreal is probably of more importance to them at this juncture. I am not blaming them at all, but if my hon. friend makes his request in his usual courteous manner for a postponement of this item I will be glad to report progress.

Sir HENRY DRAYTON: My hon. friend has a way with him, but I thought in the first instance that I made a very quiet request. Then I was told afterwards that I was misinterpreting the English language. I am quite content to throw myself on my hon. friend's mercy and possibly in view of the situation to-day he might adjourn the consideration of this matter.

Mr. DUNNING: We can take another item.

Sir HENRY DRAYTON: I am quite content. You can take another item.

Mr. DUNNING: Any other item but this.

Sir HENRY DRAYTON: Any other item but this.

Item stands.

Welland ship canal construction (revote, $3,000,000)—$14,000,000.

The CHAIRMAN: Shall the item carry?

Mr. MURPHY: I fail to understand why an item of $3,000,000 is of such importance that its consideration must be adjourned, and a vote of $14,000,000 is to go through without any discussion whatever. Possibly some hon. members can understand the matter—I cannot. If the Hudson Bay railway vote, in view of its great importance, must be adjourned in order that it may be discussed in detail, surely the House is entitled to a full explanation of a vote of $14,000,000.

Mr. LAPOINTE: Is there anything we may take up?

Mr. DUNNING: Of course it is rather embarrassing to find that the whole proceedings of the House must be held up in order to enable a political meeting to be held in Montreal. The government has some sympathy with the point made by my hon. friend opposite that if a vote of $3,000,000 is important one of $14,000,000 is surely of greater importance. I am quite willing to permit this item also to stand until it suits the convenience of my hon. friends in Montreal.

Item stands.

Chambly, improvements (revote, $7,500)—$55,000.

Sir HENRY DRAYTON: This item calls for an explanation.

Mr. DUNNING: The items in this vote consist of the following:

Machinery	$ 2,500
Riley Bridge (Revote)	3,000
Survey (Revote)	2,500
Wharf	45,000

The upper western bank of Chambly canal within the limits of the city of St. John's forms a landing wharf, a portion of which was rebuilt in concrete in 1919. The 800 odd feet of wall piling with sheating, immediately above the Canadian Pacific Railway bridge is now in a very dilapidated condition, old piles and facing having rotted and portions having been carried away. As the foundation is uneven and relatively soft at certain places, it is proposed for the present to sink a stone filled timber crib which, later, after settlement, may have the portion above water renewed in concrete.

Item agreed to.

St. Ours lock, improvements, $50,000.

Sir HENRY DRAYTON: We did not object to any of the other votes because they are old and the country is committed to them. But this is a new item and perhaps my hon. friend will explain what is contemplated.

Mr. DUNNING: The amount required here is to rebuild in part the old lock at this place, which was built during 1847-1848, the intention then being to provide for 7-foot navigation. However, during low water periods, this navigation is not available, and at times boats drawing more than 5 feet 6 inches cannot pass the lock. In 1907, the walls and mitre sills of this lock were found to be seriously undermined, and during the three following years the sum of $75,000 was expended in making repairs. At present this lock is in a worse condition than it was at that time and a certain amount of reconstruction is imperative.

Mr. HEAPS: How much navigation is there through this particular lock?

Mr. DUNNING: I have not the exact figures but it is used very extensively for the transportation of lumber, coal and hay. It is on the Richelieu river.

Mr. HEAPS: Has the minister any idea what the revenue from this source was last year?

Mr. DUNNING: We do not have any revenue from our canals; they are free.

Item agreed to.

Baker's dam improvements, $30,000.

Sir HENRY DRAYTON: This is a new item also. What is the vote for?

Mr. DUNNING: To renew with concrete the cribwork facing on the east side of the channel. What is called Baker's dam, in reality guide piers on each side of Baker's channel below Ste. Anne lock, is the only passage for boats of nine feet draft plying between the St. Lawrence and the Ottawa rivers. The inner faces of the cribs, which were built in 1875, are decayed and falling down into the channel, the eastern wall being the worse of the two. It is thought necessary to rebuild immediately this eastern wall.

Item agreed to.

Ontario—St. Lawrence canals, improvements (revote $7,000), $7,000.

Sir HENRY DRAYTON: That is the usual vote?

Mr. DUNNING: This relates to the improvement of the upper entrance to Rapide Plat canal, and is to pay off the contractors.

Item agreed to.

St. Peters canal, improvements, $6,300.

Sir HENRY DRAYTON: That also is to cover finishing up?

Mr. DUNNING: Yes.

Item agreed to.

Trent canal, improvements (revote, $155,840), $395,100.

Mr. MURPHY: I think we ought to have a little explanation from the minister in regard to these improvements.

Mr. DUNNING: I may say for the information of hon. members from other parts of the country that the Trent canal extends from Georgian bay to Trenton; it will provide a short cut for navigation. The amount required is $44,400 less than was provided last year, and the following are the items for which the vote is to be used:

Construction lock gates	$20,000
Dredging and drilling	25,000
Extension to lock aprons	5,000
Dam, Elliott's Falls—Gull river	10,000
Cement for dam Hawk river logslide	4,000
Eel's lake dam	11,500
Rebuilding and repairs to reservoir dams	10,000
Miscellaneous (revote, $2,500)	6,500
Severn Division	
Staff on construction	55,000
Young's point section (revote, $35,000)	80,000
Dam at lock 23 (revote, $59,340)	68,000
Bridge at Atherley Narrows (revote, $40,000)	40,000
Cement (revote, $19,000)	20,100
Dredging and drilling	35,000
Miscellaneous	5,000
Total	$395,100

I can give details of every one of the items to which I have referred if any member of the House desires it.

Mr. MURPHY: Can you give us any idea of the tonnage?

Sir HENRY DRAYTON: In the past we have had to spend a great deal of money on this project, and I am afraid that in future we will have to spend more. What was endeavoured to be done by the former administration in the same circumstances was to make no expenditure except for the purposes of safety. We had to make necessary expenditures to obviate the danger of a flood breaking out here or a wall going there or a lock breaking. We had a responsibility there which we had to look after.

Mr. DUNNING: We have adopted the same policy exactly. I can on another occasion get the figures regarding the tonnage for all the canals. I am sorry I have not them here, but inasmuch as the expenditure on the Welland canal will come up on future occasions, that will open up a discussion on the tonnage of any of the canals.

Mr. BIRD: What is the principal commerce carried on this canal?

Mr. DUNNING: There is no large traffic on the Trent canal, because it is not finished in a manner capable of carrying through traffic, but there is considerable local traffic, and a very great many steamers plying for hire and pleasure.

Mr. BIRD: I understand the traffic is mostly that of pleasure steamers. Does the minister think it is proper for us to keep up an annual expenditure for pleasure steamers? I understand there are about half a dozen a day for commerce. This seems to be a large expenditure.

Sir HENRY DRAYTON: My hon. friend is referring more to the lower end. I have seen very little mercantile traffic there, but it so happens that at other portions of the system there is some traffic of a business character. I do not think my hon. friend, any more than myself, would to-day go into such a venture. I think he would find himself just as I found myself when I was asked to provide money for works of this kind. The situation is that the works are there. They have been in existence for many years, and there are property rights and that sort of thing. It is an artificial structure for which the country is responsible. My hon. friend's policy apparently is the same as mine was, that is never to spend money except to maintain these public properties in safe condition. There might be loss of life if we did not do that and damage might occur. If the minister follows that course, that is all he can be expected to do.

Mr. DUNNING: That is all. To cut out this expenditure would be to pave the way for a greater expenditure as a result of abandoning the property. I do not think it would be practical to do that.

Mr. BIRD: I was considerably more anxious to ascertain what the hon. member for West York thought about it than to get the minister's views. Is he willing to go to an expenditure of almost half a million a year to maintain a waterway which is used principally for pleasure craft, and yet when it comes to a commercial venture like the Hudson Bay railway, to hold the House up

and not permit us to go forward with that vote, which is not greatly out of proportion to this vote, when we consider the object in view.

Sir HENRY DRAYTON: My hon. friend is wrong. Nothing depends upon the size of a vote one way or the other, but a great deal depends on whether it is right in principle or not. The Hudson Bay railway may be shown to be perfectly right in principle. I myself doubt it. I think I gave a pretty fair offer to the westerners when I was asked what I would do with it, and if the offer had been accepted it would have gone a long way. However, that is a matter of the past. Certain hon. members, before going away, asked me especially to have this item stand. Some of them are very much in favour of the railway, but my hon. friend is not right when he thinks it is held up because it is not taken up to-day. That is not the case. We generally make very much better progress with estimates when members are given an opportunity to state their views. I do not like this item. My hon. friend is hopelessly and entirely wrong. I hope he will not make a habit of that sort of thing. I tried to make it clear that the only reason I was in favour of a vote of this kind was that I could not get out of it, and I ask the minister whether he was holding it down to exactly the same thing, namely, putting in such improvements from time to time, really betterments, as would keep the banks up and prevent flooding of farms and property, and perhaps loss of life, for all of which we would be liable. The structure is there. There is a great deal of difference between that and some other items. The hon. member can see, if he wants to be fair, that there is a great deal of difference in connection with a vote you cannot get out of and one you can get out of.

Mr. BIRD: I do not see any difference in principle at all, because from my point of view and the view of my hon. friend's own leader, the vote on the Hudson Bay railway is one we cannot get out of. I do not want to have any misunderstanding with the hon. gentleman himself. If this request to have this Hudson Bay railway vote held over is merely that it might be the more adequately reviewed, I have no objection whatever, but I must remind him that for the last four years in this House, the subject has been discussed as no other subject has. Every detail has been brought to light as far as I know, and perhaps one is inclined to be a little too provoked when hon. members hold up this very much overdue item. Those of us who are interested feel that the summer is coming on, and, unless the Hudson Bay item is dealt with pretty soon, very much of its effect will be lost. That is all. I am very much in sympathy with hon. members who sit behind my hon. friend, and who, like myself, are interested in the item, and I just raise the point on this item, because on the face of it the position seems contradictory, that the hon. member can sit there passively allowing this item to go through—this item for a work which it seems to me is a white elephant—and yet pertinaciously block the more important item of the Hudson Bay railway.

Sir HENRY DRAYTON: I do not know that I should try to explain to my hon. friend, but I am going to take another shot at it. I think the Minister of Railways understands it, and I shall try to make my hon. friend understand it. Does my hon. friend think there will be any loss of life if the Hudson Bay railway is not built, and if there is danger of very heavy damage claims being made against the country?

Mr. BIRD: The political aspect—

Sir HENRY DRAYTON: My hon. friend should be above political considerations. He ought to be, but I am afraid he is becoming a very practical politician, and his politics is the Hudson Bay railway. He is perfectly right in looking after it, but I want to point out that the item which has just gone through, as stated by the Minister of Railways himself, is an absolutely inescapable item. We have had to do the same thing time and again in connection with inescapable items, and the hon. member who is most insistent that the Hudson Bay item should not go on to-day is a gentleman who is going to vote for it—at least he says so.

Mr. MURPHY: In view of the statement of the minister that the vote is merely for improvements or keeping in condition the portion of the canal already completed, and in view of his further remarks, I understand there is no intention of completing the portion necessary to make the canal navigable from Georgian bay over the summit. At the present time there is a marine railway over the summit in order to permit boats to be transported over the portages, as we call them in western Canada. I suppose that is the name used in the east as well. There is no intention of making further capital expenditures looking to the completion of the canal to the continuous water.

Item agreed to.

Welland canal improvements, $395,100.

Mr. GARLAND (Bow River): In view of the other item in regard to the Welland canal standing, I would ask that this one stand also.

Mr. DUNNING: I would be willing to allow this to stand but I might explain to the hon. member that this is in connection with the existing canal. The item in regard to the new Welland canal is already standing.

Item agreed to.

Board of Railway Commissioners for Canada, maintenance and operation, $250,030.

Sir HENRY DRAYTON: What is the reason for the increase? There seem to be continuous increases.

Mr. DUNNING: There is an increase of $4,000.

Mr. MULLINS: What are the details?

Mr. DUNNING: This is altogether for the staff of the board, clerks of various kinds, and the list is a lengthy one. There are ninety in the service of the board as against eighty-six last year. That is, there is provision for four more. There has been quite a little reclassification by the Civil Service Commission during the last year and it is difficult to see where the extra four come in.

Mr. ANDERSON (Toronto): Is the increase due to increases in salary under the civil service list?

Mr. DUNNING: Yes, with the exception of what I have previously mentioned.

Sir HENRY DRAYTON: I think there is a little more than that. I am again looking to the time when my hon. friend would have said in the first instance that we were so frightfully extravagant when as a matter of fact we were so much more economical in 1921.

Mr. DUNNING: I did not say that at all.

Sir HENRY DRAYTON: I thought the hon. member did.

Mr. DUNNING: The hon. member must have a guilty conscience.

Sir HENRY DRAYTON: Not at all. There is nothing like knowing that you were much more economical than the other fellow. In 1921 this vote was $190,000 as against $190,150 the year before.

Mr. DUNNING: Salaries to-day amount to $206,000.

[Mr. Murphy.]

Sir HENRY DRAYTON: I really thought I had a big enough staff when I was running that organization. I have never been turned down by the government in a single request for expenses. I thought I had enough people working there and it was costing the country quite enough money. The then government never stinted the board in an improper way while I was a commissioner.

Mr. POWER: Does the hon. gentleman take into consideration the superior talents of the gentlemen who now compose the board?

Sir HENRY DRAYTON: If the minister will take the position suggested by my hon. friend apparently the difference in the cost under different chief commissioners is $60,000 a year. Can we seriously take the suggestion of the hon. gentleman and have the whole of this extravagant increase blamed on the new chairman as is suggested by the hon. member?

Mr. DUNNING: The explanation asked for by my hon. friend with respect to the question of the hon. member for Quebec South (Mr. Power) is precisely the answer required to his own question. There are no less than forty-six statutory increases and increases due to reclassification in this list this year as compared with last, totalling in all over $6,000. Those come about automatically.

Sir HENRY DRAYTON: I suppose the minister has not the number of officials for 1921?

Mr. DUNNING: No, but I shall be glad to get the information for my hon. friend.

The CHAIRMAN: Shall the item carry?

Sir HENRY DRAYTON: Stand.

Mr. LAPOINTE: When the minister has been so nice?

Sir HENRY DRAYTON: I think the committee will admit that we have been making very good progress. We should continue just in this frame of mind and the item will stand.

Mr. DUNNING: I think my hon. friend will admit I have been more than fair to him this afternoon and unless there is some better reason than merely a desire to secure the number of employees in 1921, I should like to make some progress.

Sir HENRY DRAYTON: The minister is making good progress. He has been good but he is good only in spots. He has a way of jumping from one extreme to the other. I think we had better call the next item.

Mr. GARDINER: At this end of the chamber we can hear nothing at all. I would suggest that the Minister of Railways and the hon. member for West York go outside and settle the question and come back again.

Mr. O'NEILL: While we are on this topic there is one branch more or less overlapping in connection with the handling of explosives. I understand we have an Explosives branch in the Department of Mines but the matter of transporting explosives is under the Board of Railway Commissioners. How much does that service cost? It would seem to be a part of the duties of the Department of Mines.

Mr. DUNNING: There are in the department officers in charge of safety and mechanical appliances as well as of fire prevention, but I do not see anything relating to explosives.

Mr. O'NEIL: There must be some staff to see to the proper transportation of explosives, to prevent for example the coupling of a special explosive car with a passenger train. What does it cost the railway to carry out this service?

Mr. DUNNING: The Board of Railway Commissioners lay down certain rules governing the transportation of explosives.

Mr. O'NEIL: But who sees that they are carried out?

Mr. DUNNING: There is no officer known especially as inspector of explosives but I presume that some of the officials I have mentioned would see that these regulations were carried out. There are many orders of the Board of Railway Commissioners which are not enforced directly by the railways as my hon. friend implies. They become a part of the laws of the country and persons disregarding them are prosecuted in the usual way. I cannot say definitely offhand that there is any officer especially deputed to look after the matter of explosives, and I am very doubtful whether this would be practicable.

Sir HENRY DRAYTON: There is a highly competent body in the United States known as the Bureau of Explosives which is at work more or less all the time on this very question. This bureau devises means for the transportation of dangerous commodities and we have largely availed ourselves of its work. We have also experts of our own in our Mines' branch. There are rules and regulations drawn up by the Board of Railway Commissioners with regard to the carrying of explosives, and while inspectors are engaged supervising the way in which various articles are carried it would be impossible to say just how much it costs to inspect explosives here and explosives there.

The CHAIRMAN: Shall the item carry?

Some hon. MEMBERS: Carried.

Sir HENRY DRAYTON: Carried? I am afraid it will be carried on division, and the matter will be opened up again at a time not so convenient to the minister.

Mr. DUNNING: I have sent for the Minister of Finance.

Sir HENRY DRAYTON: I will not delay the passing of the item but it will be carried on division if it is carried at all, and it will be opened up again at a time not convenient to the government.

Mr. DUNNING: It will always be convenient. We will allow the item to stand.

Item stands.

Canada Highways Commission: to provide for payment of staff of Canada Highways Commission including A. W. Campbell, C. E., Chief Commissioner of Highways, at $5,000 per annum, $32,000.

Mr. SANDERSON: In what way does the Canada Highways Commission co-operate with the provincial commission in Ontario, let us say? What is the extent of the Dominion commission's jurisdiction over provincial highways?

Mr. DUNNING: The provisions of the Canada Highways Act involve what is known as federal aid to the construction of main highways in the provinces. The work of the commission is gradually drawing to a close. The legislation covered a stated sum of money over a period and as the work is diminishing the staff is being reduced. Next year we expect to complete the work.

Item agreed to.

To provide for the payment of salaries and expenses in connection with the St. Lawrence ship canal surveys and investigation, including the Canadian National Advisory Committee, and its employees and including E. B. Jost, $2,500, as assistant to Chairman of Engineering board, and G. W. Yates, $1,200, as secretary, $130,000.

Sir HENRY DRAYTON: What is the personnel of the committee?

Mr. DUNNING: The officers at the Cornwall office are: 1 division engineer; 1 assistant engineer; 1 junior engineer; 2 instrument men; 2 rodmen; 2 engineering helpers; 1 stenographer grade 1; 6 gauge readers; 2 labourers. The total including travelling ex-

penses is $27,510. At the head office the officers are: 1 senior office engineer; 1 office engineer; 2 assistant engineers; 1 electrical power house engineer; 1 principal draftsman; 1 stenographer, grade 3; 1 assistant engineer; 1 stenographer, grade 2; 1 senior draftsman; 2 designing engineers; 1 mechanical and electrical draftsman; 2 extra draftsmen from Cornwall. The total including expenses, stationery, and so forth, is $40,360. In charge of the engineering board—I think my hon. friend is interested in this particularly—there are two board members at 15 days per month, 12 months of 360 days at $50 or $18,000.

Sir HENRY DRAYTON: What are the names of these engineers?

Mr. DUNNING: One is General Mitchell; the other is a French-Canadian whose name I do not know at the moment. Mr. McLachlan of the Department of Railways and Canals is the chairman. He comes under the next item. It is estimated he gave 200 days to the work. The balance of the items are travelling expenses.

Sir HENRY DRAYTON: Where does Mr. McLachlan come in?

Mr. DUNNING: Mr. McLachlan gave 17 days per month to this work. That is equivalent to 200 days a year, and at $50 a day it represents $10,000.

Sir HENRY DRAYTON: What are the different committees we now have on the job?

Mr. DUNNING: There is the national committee to which I made reference—

Sir HENRY DRAYTON: Excuse me, the national committee is composed of Mr. McLachlan, Mr. Mitchell and somebody else.

Mr. DUNNING: Those compose the engineering board.

Sir HENRY DRAYTON: That is what I thought.

Mr. DUNNING: The national committee consists of—I will get the names for my hon. friend; I cannot think of them all now. The Right Hon. Mr. Graham is chairman of the national committee.

Sir HENRY DRAYTON: Not now, is he?

Mr. DUNNING: He is still chairman. Then Sir Clifford Sifton, Dr. McDougald, Mr. Ahearn of Ottawa—and there are several others. I will get a complete list for my hon. friend.

Sir HENRY DRAYTON: Then there are some other committees?

[Mr. Dunning.]

Mr. DUNNING: The inter-departmental committee—

Sir HENRY DRAYTON: Who compose the inter-departmental committee?

Mr. DUNNING: A member from each of the following departments: Militia, Railways and Canals, Public Works, Interior, Justice and External Affairs. I am speaking from memory. The purpose of the committee is to iron out the inter-departmental aspects of the St. Lawrence investigation, as it touches so many of the departments of government.

Sir HENRY DRAYTON: Can my hon. friend tell us what reports have been made, to whom, and what action, if any, has been taken on them?

Mr. DUNNING: This is some of the work completed:

The survey of the St. Lawrence river from Lachine to Montreal, begun in the former year has been completed.

Additional borings have been made along a proposed route for a canal between Lachine and Nuns island.

Additional borings have been made along the location of a proposed dam across the river at the foot of the Lachine rapids.

A group of 14 borings to rock along the line of the proposed navigation and power channels have been made at the head of lake St. Louis.

Topographical surveys have been extended on both sides of the river between Lachine and Montreal, particularly in the stretch of the country between Highlands an Verdun, on the north side, and between Caughnawaga and La Tortue on the south side of the river.

Ten additional borings have been completed along the route of a proposed canal between Hungry bay and the St. Lawrence river.

A number of borings have also been completed along the south shore of the St. Lawrence river, near Cedars, and in addition a line of 12 borings has been completed along the site of a proposed dam across the river at the head of Cedars rapids.

A number of borings were made along the south side of Coteau rapids.

A number of borings have been made on the site of a proposed power house at the head of lake St. Louis at Cascades point.

The topographical information obtained in the section between lake St. Louis and lake St. Francis was extended on both sides of the river, and also extended so as to include the islands in the river.

Many additional meterings of flow of the St. Lawrence river at Iroquois point have been made, and a number of precise lines of water levels have been run, and also continuous water elevation records have been secured at control points in the river.

In the international section of the St. Lawrence river, the American section has completed a survey of the river from Kingston to Iroquois, and also between Barnhart island and Cornwall. They have also undertaken a very extensive boring programme which is partly completed. In this boring programme is included an extensive investigation into the character of the foundations of the proposed Long Sault dam. Two vertical shafts have been sunk on either shore

for a depth of about 100 feet. From these horizontal borings underneath the Long Sault rapids are being made.

There have been two formal meetings with the United States engineers since March 31, 1925, with all members present, and six other informal meetings were convened to adjust details of field and office investigations.

There is a great deal more.

Mr. MACLEAN (York): What depth of channel is it proposed to secure to give shipway from Montreal up to lake Ontario?

Mr. DUNNING: A thirty-foot channel.

Mr. MACLEAN (York): When will that be arrived at?

Mr. DUNNING: Oh!

Sir HENRY DRAYTON: My hon. friend has given me a list of what has been accomplished. From what he said I suppose a lot more had been done.

Mr. DUNNING: Yes, in continuation of the same line of work.

Sir HENRY DRAYTON: Are the surveys complete in any section yet?

Mr. DUNNING: Not yet.

Mr. BEAUBIEN: And never will be either.

Sir HENRY DRAYTON: The hon. member says they never will be completed.

Mr. DUNNING: I never said so.

Sir HENRY DRAYTON: No, the hon. member for Provencher. I wonder why he says so. I hope he is wrong.

Mr. BEAUBIEN: I say so because every year we are voting the same amount for all these works.

Sir HENRY DRAYTON: That is a sad thing. Can the minister define how much work is yet to be done?

Mr. DUNNING: It is estimated that the board of engineers will be able to make a report to the national committee some time this fall. Of course it will be necessary, as my hon. friend knows, for the national committee to meet with the American national committee with regard to the International features involved. We want to be thoroughly prepared with our side of the case, and I presume the Americans, with their customary efficiency, are also taking care to be thoroughly prepared, so far as the international section of the canal is concerned. All of this work is necessary in order to enable each nation to determine whether or not the project shall be gone on with in the manner in which it has been projected in various quarters.

Mr. MACLEAN (York): But we have a distinct declaration, have we not, that the Welland canal is to be deepened to thirty feet? When are we going to get an assurance that the lower St. Lawrence will be similarly deepened in connection with this international proposal which we are now considering?

Mr. DUNNING: Mr. Chairman, if these things were just as easy to do as they are to talk about and project, I might be able to answer my hon. friend with some definiteness, but this is an immense project.

Mr. MACLEAN (York): I know.

Mr. DUNNING: We have had some experience of its immensity in connection with the section we have ourselves undertaken in enlarging the Welland canal to a thirty-foot channel. That has been under way now for five years.

Sir HENRY DRAYTON: Much longer.

Mr. DUNNING: Some of it was done in war time.

Sir HENRY DRAYTON: It was started before the war and stopped during the war.

Mr. DUNNING: Yes. I think I am safe in saying it will be at least three years before that will be completed. This gives an idea of the magnitude of the whole project, because the Welland is only one of the canals necessary to its completion. All the assurance I am desirous of giving the committee at this time is that if this preliminary work is done properly, it will ensure that no money will be wasted ultimately, should the joint project between the two countries be proceeded with. All this work is necessary, first in order to determine whether we should undertake it, and secondly in order to have a reasonably correct basis upon which to design the necessary works when the proper time comes.

Mr. GARLAND (Bow River): Is it, then, the determined policy of this government to undertake the joint construction of the St. Lawrence deep waterways?

Mr. DUNNING: No, it is not the determined policy of the government to do anything of the kind. All the work going on now is a necessary preliminary to the determination of any policy.

Mr. GARLAND (Bow River): The minister mentioned the possibility of the joint construction of this work, although he may not have intended to do so.

Mr. DUNNING: I am sorry, but I cannot hear my hon. friend. He complains about not being able to hear us, but I cannot hear him.

Mr. GARLAND (Bow River): I would welcome the minister if he moved further down this way. In his remarks just now the minister referred to the joint construction of this work. I thought it possibly a slip on his part, and I simply wish to make sure that it is not the settled policy of the government to undertake with the United States the joint construction of this work.

Mr. DUNNING: I did not intend to convey that any commitment had been reached. When I referred to the joint construction I said the investigations now going on were necessary to enable a policy of any kind, including such a policy as the joint construction of this work, to be determined upon intelligently. There has been no commitment of any kind made by the government of Canada to do the work, either jointly with the United States or alone. The investigations now proceeding are in order to enable us to reach intelligent decisions with regard to these very matters.

Mr. HOCKEN: Has the Canadian case been pretty well prepared, and when will it be completed? And can the minister give us any idea as to when the joint meeting of the two national committees will be held, so that we may have some idea as to when it will be possible for us to reach a decision on this very great and, to my mind, very necessary problem.

Mr. DUNNING: I indicated a while ago, possibly while my hon. friend was out of the chamber, that we hoped to have a report from our engineering board to the national board for Canada some time this fall. Then it will be for the similar American board to arrange to meet with our board. I do not think this matter should be hurried; it is one of great national importance and will, undoubtedly, involve tremendous financial commitments. It may be that the committees of the two nations will have sufficient technical information late this fall to be able to meet and discuss the matter, but further than that I cannot at present estimate progress. With regard to the preparation of our case. it is going on now; it can hardly be called the preparation of a case, because it is really the securing of engineering data.

Mr. MACLEAN (York): Then the thirty-foot Welland canal stands on its own bottom, and I think can be justified in view of the great improvement which has taken place in the shipping of grain. If you get the grain down to lake Ontario in deep channels it will probably lower the freight rates, and so while there may be some doubt as to the future I think the idea of a deep Welland canal is sound, and I would like to see it finished at the earliest possible date.

Mr. EULER: The new Welland canal is usually regarded, I take it, as a link in the greater scheme of the deepening of the St. Lawrence waterways. If the balance of the scheme should not be proceeded with, either jointly or separately by the Canadian government, would the minister say that the large sum of money now being expended on the new Welland canal is justified, and if so, in what way? I just wonder whether it would pay to bring the grain through the new Welland canal to the other end of lake Ontario. Will we get advantages from the construction of a new Welland canal which will justify the expense if the whole scheme is not proceeded with?

Mr. DUNNING: I would prefer that this discussion should take place on the vote for the Welland canal, which at the request of some hon. members was deferred this afternoon.

Mr. EULER: I simply brought it up because it was right in line with the preceding remarks.

Mr. DUNNING: Yes, but we were really wandering away from the point. I will probably have to give the explanation two or three times during that discussion, so perhaps we might leave it until then.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. DUNNING: Some information was asked for, Mr. Chairman, before adjournment regarding the names of those who compose the national advisory committee. The following is the order of reference with regard to that committee, under order in council of May 7, 1924:

To consider generally whether or not the project would, if completed, be beneficial to Canada, whether the benefits which might accrue and the pecuniary returns, direct or indirect, which may be anticipated from it are such as to counterbalance its disadvantages, if any; whether Your Excellency should indicate a readiness to enter into discussion with the United States of America looking towards the negotiation of a treaty for the carrying out of the necessary works, and what should be the character of the stipulations which any such treaty should contain.

That briefly is the duty of the national advisory committee regarding the St. Lawrence waterway. As to the members of that committee I now have a list which I did not have at hand before. The Right Hon. George P. Graham is at present the chairman. The other members are: Thomas Ahearn, Ottawa; Hon. W. E. Foster, St. John, N.B.; Beaudry Loman, Montreal; Edward D. Martin, Winnipeg; Doctor Wilfrid L. McDougald, Montreal; Hon. Sir Clifford Sifton, Toronto; Major General John W. Stewart, Vancouver; and Hon. Adelard Turgeon, Quebec.

The members of the national committee for the United States have been appointed by the president as follows: Hon. Herbert Hoover, Secretary of Commerce, Chairman; William C. Breed, attorney-at-law, New York City, former president, New York Merchants' Association; James E. Davidson, Bay City, Michigan, Vice-President, American Shipbuilding Company, Bay City; James P. Goodrich, Winchester, Indiana, former governor of Indiana; James R. Howard, Chicago, Illinois, formerly president American Farm Bureau Federation; James D. Noonan, American Federation of Labour; Stephen B. Davis, Washington, D.C., counsel; Charles P. Craig, Washington D.C., executive secretary.

Then as to the Joint Engineering Board, the members of the Canadian section are: D. W. McLachlan, chairman, Department of Railways and Canals; Olivier O. Lefebvre, Chief Engineer, Quebec Streams Commission, Montreal; Brigadier General Charles H. Mitchell, Toronto.

The members of the American section of the Joint Engineering Board are: Brigadier General Edgar Jadwin, chairman; Colonel William Kelly and Lieutenant-Colonel George E. Pillsbury.

There was some question as to the other committee which is co-ordinating the various departments of our own government in regard to the several matters touched by this problem. The chairman of that committee is Colonel Biggar, government counsel. The Department of Finance is represented by Mr. Russell, with Mr. Viets as alternate; the Department of National Defence by Brigadier-General A. G. L. McNaughton; the Department of Public Works by Mr. K. M. Cameron, with Mr. Coutlee as alternate; the Department of the Interior by Mr. J. T. Johnston; the Department of Marine and Fisheries by Captain F. Anderson, with Mr. V. W. Forneret as alternate; the Department of Railways and Canals, by Mr. E. B. Jost; the Department of Trade and Commerce by Mr. Gordon Wrong; the Department of External Affairs by Doctor O. D. Skelton.

Mr. HOCKEN: The reason I asked to-day whether we would be likely to come to a joint decision on this matter was the fact that in the United States at the present time there is a very strong agitation to dig an all-American canal, and as far as one can judge from the newspaper reports that project is receiving a great deal of support. If that canal is ever built co-operation between Canada and the United States for the construction of the St. Lawrence canals would of course be ended. For that reason I think it is of the utmost importance that our case should be prepared, and that we should call upon the United States to come into conference with us and reach a decision whether we are going to carry out this work or not. I regard it as one of the most important moves ever made by the Dominion of Canada. It would give to the cities of Montreal and Quebec, I think, supremacy as the grain exporting ports of the world, because this canal would drain not only our own northwest but a very large part of the northwest and central west of the United States; and if there was the necessary depth to accommodate vessels of large draft we would have a volume of commerce going down practically all the Great Lakes and through the St. Lawrence, probably, to Quebec. That would make that route perhaps one of the most important in the entire world. The benefit I anticipate would be this: I do not think very many tramp steamers would come from the ocean to the head of the lakes, although there might be some. I imagine the economical method of handling grain would be to load boats at the head of the lakes with 500,000 bushels, as there are vessels with that capacity. Those vessels would proceed to the city of Quebec or Montreal and break bulk there, filling perhaps three or four tramp steamers that were ready to take the cargoes. There would be some volume—perhaps a considerable volume—of package freight going up the lakes. If you will visualize the possibilities of this route as I have hastily tried to sketch it I think it will be admitted that this is the greatest project Canada ever faced for the development of her own trade and for the draining of trade from our neighbours to their advantage and to our profit. The estimated cost of this work is about $250,000,000.

Mr. DUNNING: No.

Mr. HOCKEN: What is it?

Mr. DUNNING: Do you mean the whole cost?

Mr. HOCKEN: I understood the estimated cost was $250,000,000. I am not including the Welland canal in that but I am including the other work on the lower St. Lawrence. It has been pointed out by Mr. Gardener, of Chicago, who has given a great deal of study to this question—has the minister got the figures of the total cost?

Mr. DUNNING: When I said, "No" I had in mind that my hon. friend was not including the Welland canal.

Mr. HOCKEN: No, I was not including the Welland canal.

Mr. DUNNING: The preliminary estimate of the cost of the portion from Kingston to Montreal is $252,000,000.

Mr. HOCKEN: That is what I had in mind. Now, Mr. Gardener points this out—I met him here a little more than a year ago and had a long interview with him. The plan he suggested for financing the enterprise is a joint commission of United States and Canada that would construct the work and operate it afterwards without profit. The commissioners would have to be paid, and no doubt there would be a considerable staff to operate the canal and keep track of all the accounts; but if this work can be constructed by the two governments jointly and operated at cost we would have not only an ample waterway but one that could be used under the very best conditions. Looking at it in this way, in the broad view as it affects every province, with perhaps the exception of British Columbia, enabling us, as it would, to draw so much trade and traffic from our neighbours, I say this is the most important project Canada has ever faced in the way of transportation. I would urge the minister therefore to press upon the commissioners the necessity of bringing the other nation into conference and of reaching a conclusion from our standpoint as quickly as possible. I think the conclusion would be in favour of the canal; at any rate I hope so. We ought to know before the agitation for the all-American canal through the state of New York is carried very much further.

Mr. DUNNING: I might repeat what I said this afternoon with reference to the time the Joint Engineering Board will probably report. With regard to the all American project, I am informed the initial estimate of cost for the all American canal is in the neighbourhood of $600,000,000, so that there are a few discouraging factors.

Mr. HOCKEN: A few hundred million does not mean very much over there.

Mr. DUNNING: Perhaps not. There is no power development possible on the all American route. I do not want to enter into a discussion now of what the possible benefit of the St. Lawrence ship canal might be. The national advisory committee will investigate that point and obtain the information, and I do not want to anticipate by any too-glowing prophecies what the detailed result of the examination will be. I can assure my hon. friend that I will expedite the inquiry so far as is consistent with performing thorough work in connection with the problem. It is very important we should know all that it is possible to find out about it before a decision is reached.

Sir HENRY DRAYTON: What is the date of the report of the International Joint Commission? I think the commission made a report some time ago recommending the adoption of the scheme.

Mr. DUNNING: December 19, 1921. I will read an extract from the recommendation which will show that we have given attention to that and followed it up. The quotation reads:

> In a matter of such unusual magnitude, involving engineering factors that are more or less debatable, and affecting the interests of many millions of people, too much care cannot be taken to ensure the adoption of plans that will be beyond reasonable criticism, both as to the general scheme of development and the working out of its details. It is therefore desirable that before any steps are taken to carry out the commission's recommendations, the plans of the engineering board, together with such comments or criticisms or alternative plans as have been filed with the commission by other engineers, should be referred back to the board enlarged by other leading members of the engineering profession, to the end that the whole question be given that further and complete study that its magnitude and importance demand.

Mr. MACLEAN (York): How many years will the consideration be held up?

Mr. DUNNING: I indicated this afternoon that, so far as I could see, the engineering committee should be in a position to report some time next fall. Then it will be a question of the National Committees giving consideration to that report from the point of view of the nation appointing it. International action of course will result.

Mr. STEVENS: In connection with this project, I am not at the moment going to offer any opinion as a private citizen whether or not Canada should adopt the scheme and go ahead.

Mr. DUNNING: Neither am I.

Mr. STEVENS: I should say that this is not the time or the place, in the absence of information, to do it. The time is close at hand, if it has not already arrived, when something of a fairly definite character should be determined. The minister read an extract from the report of the International Joint Commission in 1921 which indicated that a reference of the problem, which had already received very considerable study, should be made back to an enlarged or extended group of the engineering profession. I think that proposition is perfectly sound. I am not going to offer a single criticism of the members of the engineering profession forming that board, but I do wish to offer a criticism as to the wisdom of the appointment of the additional board, superimposed upon the engineering board. There is another board composed of Sir Clifford Sifton, Dr. McDougald, of Montreal, and the other gentlemen named, some of whom I think are very estimable gentlemen and probably highly qualified, and some much less qualified. The impression has been in my mind for some time, and has been emphasized somewhat to-night, that this board is a sort of tactical board, a board of policy—

Mr. DUNNING: Strategy.

Mr. STEVENS: No, that is a sacred term which should not be dragged into these sordid matters. I would say a board of policy, a board of tactics, a board which—if I am doing the minister an injustice he will I am sure hasten to correct me—would meet and consider the problem. It was no doubt felt that when the engineers or technical men got through with their part of the work and passed their report to this superimposed board, there might be, in the study of it, indefinite and interminable delay for years to come. Frankly I think this matter is of such great importance that the complete technical information of the department should be placed before this House as early as possible. I understand the care that is necessary, but the International Joint Commission report was made about four and a half years ago, and the study for that period of four and a half years by this engineering board is almost sufficient to supply us with the necessary technical information. I should like to suggest that parliament should be placed in possession at an early date—I would say at the next session of parliament—with the fullest possible draft of all the engineering problems solved, so that they might judge of the merits of the matter from a national standpoint. I am not prepared to offer any opinion. It would be utterly futile for me to attempt to suggest it, but I think we should have before parliament this information. I agree with my friend from Toronto (Mr. Hocken) that this is perhaps one of the most important matters that has been brought to the attention of, not the House, but the country, for many years. It is going to be difficult to work it out from a constitutional and economic standpoint. The expenditure of this money from year to year is warranted and desirable only if there is a definite objective in mind and I hope the engineers' report or reports, because I apprehend it would not be necessary for them to complete and exhaust every problem before bringing in some report—

Mr. DUNNING: Would my hon. friend advocate an interim report from the engineers?

Mr. STEVENS: I am not advocating it; so far as I can recall, I have not spoken to an engineer on this subject except last year to one or two who were not on the board, very eminent men. If the engineers said that it was inadvisable I would not offer my opinion against theirs. But if the engineers are prepared to make an interim report on any branch of the whole problem it is important that parliament be seized of that information. I again wish to place before the minister my suspicion that the national advisory committee is the fifth wheel to the coach. I do not want the minister to give me that betraying smile again, but I think he has suspicions of the same character.

Mr. DUNNING: Perhaps my hon. friend will let me state my own suspicions and not put them into my mouth.

Mr. STEVENS: It is rather friendly and brotherly assistance I am giving to the minister, because I know it would be awkward on that side of the House to express such a suspicion and I would not expect the hon. gentleman to do so. This fifth wheel to the coach, this advisory board, may be the medium through which this problem will be delayed. There are large interests in Canada opposed to this; there are others very strongly in favour; but parliament should at the earliest possible day have the fullest information so that parliament itself may determine the wise course to pursue.

Mr. MACLEAN (York): In the meantime we have to carry on what we have in hand, namely, a deeper waterway from the upper lakes to the St. Lawrence. That includes what is now under way, the deepening of the Welland canal to a depth of thirty feet—and we

have been told this evening that this is to be completed within five years. This is an important work and it must be carried on. There is, so I understand, a proposal under consideration to get deeper water for larger vessels carrying grain as far as Prescott and I would be glad if the minister would say something about that. We ought to continue until we get twenty or twenty-five feet of water right into the port of Montreal. I understand the cost would be greater to get the required depth below Prescott. Having the information that it will take a long time to frame a policy in regard to the St. Lawrence deep waterways; we must go on with and press for an extension and a deepening of the Canadian waterways which can be used in the meantime jointly by the United States and ourselves, the United States to be contributory to the cost of keeping them up.

Mr. DUNNING: With regard to the question of the hon. member for South York, the canal works are being put down to a depth of thirty feet, but the maximum depth of the reaches will be twenty-five feet. As I indicated this afternoon, the work on the Welland canal will be completed in four or five years. I can assure the hon. member for Vancouver Centre (Mr. Stevens) that whatever smile I had on my face was not at the advisory board but at the board of strategy on that side of the House to which reference has occasionally been made. I can understand my hon. friend being rather suspicious of boards of strategy after the experience of a little while ago. The national advisory committee has a serious purpose. As regards the suggestion which my hon. friend made that possibly the engineering reports would be sufficient and that we should get no further, he ignores the fact that technical men working on the engineering end of the problem cannot be expected to take into account all the economic factors resulting from the operation of such a waterway. Neither can they be expected to be able to give adequate consideration to the international political questions involved and there are many questions of that nature.

The terms of reference in the order in council which I read just after we resumed at eight o'clock give an idea of the work of the national advisory committee. Further, the whole of Canada will become responsible to this great work if it is undertaken, and therefore the national advisory committee contains representative men from other sections of Canada than the section in which the work is contemplated. For instance the Maritime provinces will have to bear their share of responsibility of this large sum of money and there is a representative from the Maritime provinces. There is a gentleman from Vancouver. The port interests of Montreal, Quebec and Toronto are also represented.

Mr. HOCKEN: Who represents Toronto?

Mr. DUNNING: Sir Clifford Sifton. In the United States there is a similar body whose duty is to deal with this matter. The hon. member for Vancouver Centre appears to doubt the bona fides of a national advisory committee in connection with this matter. Frankly I think it is absolutely necessary that a body of representative men who are willing to devote their attention to this matter and to consider in detail all the reports should advise the government with regard thereto after studying the various phases of the question. The United States have found the same course advisable; the distribution of the members of their national committee is almost similar to the distribution of our own, and the national advisory committee has a serious purpose in view.

Mr. HOCKEN: Another reason why we should speed this up is that at the present time the city of Chicago and some of the states between that city and the Mississippi are agitating for enough water to operate a barge canal. There is great resistance to that from Michigan, Ohio and some of the other states.

Mr. STEWART (Edmonton): They got it yesterday.

Mr. HOCKEN: Chicago got it?

Mr. STEWART (Edmonton): Yes.

Mr. HOCKEN: If that is settled, of course my point is gone.

Mr. STEWART (Edmonton): The bill passed congress yesterday.

Mr. DUNNING: It is not settled but the bill went through.

Mr. HOCKEN: The bill to give Chicago 10,000 cubic feet of water?

Mr. STEWART (Edmonton): To give it sufficient water for a barge canal.

Mr. HOCKEN: I think that is exceedingly regrettable, because two or three feet of water will be taken from the Great Lakes in order to operate that canal. If reports that are abroad are correct Sir Clifford Sifton, who is one of the national advisory committee, has secured a charter for the Georgian bay canal, would he be entirely impartial as

against his own interests in considering this question? I would think a man who held a charter for a canal by the Georgian bay and French river would not be very much disposed to see another canal constructed on the St. Lawrence. As regards his representing Toronto, he is a resident there; that I think is about the extent of his representation of the city of Toronto. I should not consider it a very proper position for such a man to take. However, I am not the keeper of his conscience, nor have I had anything to do with his appointment. But I would remind the minister that this man has a considerable personal interest in another direction, and he is being called upon to make a decision in this matter.

Mr. DUNNING: I am informed that the vote which went through congress yesterday is for the purposes of investigation only and not for construction.

Mr. MACLEAN (York): It was $35,000,000.

Mr. DUNNING: There must be some misunderstanding. I understand that the vote is merely for the purpose of investigating the all-American canal in connection with the St. Lawrence and also the barge canal proposal from Chicago to the Mississippi.

Mr. HOCKEN: It is to be hoped that Chicago will not get that water; it will take two or three feet from the lakes.

Mr. DUNNING: I will do everything reasonable to expedite the work now going on, and of course parliament will have the right next session to get information regarding whatever communications are received by the government.

Sir HENRY DRAYTON: Have the advisory committee done anything yet?

Mr. DUNNING: They have held two meetings and will consider such reports as reach them and to deal in the meantime as far as possible with subsidiary problems.

Sir HENRY DRAYTON: Then reports are reaching them from time to time.

Mr. DUNNING: Not yet.

Sir HENRY DRAYTON: It would appear that if we are making progress at all it is exceedingly slow. The minister was not here when this matter was discussed in previous years; otherwise he would recollect that there was a general belief—it was not by any means confined to opposition members—in Ontario, at any rate, that the government had persistently stalled in connection with this matter. That is the belief to-day. The government have appointed different committees to make sure that nothing shall be done at the moment. This matter has been in the hands of the government ever since they came in; the report is dated December, 1921. The House has no information of anything done by the government, nor is there any evidence of any action having been taken. All we do know is that sums of money are being voted every year. The committees are there, but nothing is being done one way or the other, notwithstanding that the application for the Morrisburg development was made long ago. The engineer can tell the minister whether I am right or wrong, but the Ontario Hydro-Electric offered to develop the power at their own cost, and at the same time further navigation without any charge to the government. Notwithstanding this, nothing has been done, although the work can be carried out, without expense to the Canadian taxpayer, wholly by those who require the use of that electricity. The engineer can tell the minister whether I am wrong.

Mr. DUNNING: I am getting the information.

Sir HENRY DRAYTON: Am I wrong?

Mr. DUNNING: My hon. friend is not correct.

Sir HENRY DRAYTON: What is incorrect about the statement?

Mr. DUNNING: Possibly by hon. friend does not know that the construction at Morrisburg is on the international section of the canal and without the co-operation of the United States government development is not possible.

Sir HENRY DRAYTON: I did not say it was. The fact of the matter is that everything is being done to prevent co-operation with the state of New York, which is actively interested in this undertaking. These large committees are successfully stalling. That is the plain truth. There is a third party ready to go ahead at its own expense and develop the power for the benefit of the people, and in such a way as not to injure but, on the contrary, to assist navigation. I quite admit that it is necessary for the state of New York and the government of the United States to consent, but I know very well that at the time these plans were prepared New York was just an anxious as is the province of Ontario to get the work done. There are always interests opposed to development in any country.

Vested interests are opposed to development in the United States, just as they are opposed to development in this country. There are corporations whose interests lie in one direction and corporations who are interested in other ways. The minister has made no reference to the matter drawn to his attention by my hon. friend (Mr. Hocken), who pointed out that according to his information Sir Clifford Sifton was in control of the Georgian bay ship canal.

Mr. STEWART (Edmonton): He did not have the charter at the time of his appointment.

Sir HENRY DRAYTON: The appointment is so stale, he has been in the position so long, that the minister is absolutely right. But is that any reason why he should be kept on? If there is a clash of interests, ought not the government to look into the matter? This is nothing new. The newspapers have made the same charge and it has never been denied. There is a direct interest on one side, absolutely opposed to the interest of the people in securing development of power on the St. Lawrence. Sir Clifford Sifton, we understand, controls or is interested in the Georgian bay ship canal project. Why? The Minister of Justice will correct me if I am wrong when I say the company claims that, while it was incorporated originally for the purpose of improving waterways, it has the right to all water powers on the river and particularly to such water powers as are generated in the improvement of any waterway. And that company to-day has before the government plans which, if approved by the government, would according to legal opinion enable the company to levy toll for all time on the users of power generated by the waters of the Ottawa in the province of Ontario and Quebec. There is therefore a direct relation between the delay in this matter and the interest of the company. Doctor McDougald is also interested in the electrical business, as we know, for he was here last year in connection with the Carillon matter. It is common knowledge. I believe that these gentlemen who are interested in the development of sites along the Ottawa are perfectly sincere in thinking that they have a right to charge tolls which can only be increased in value by delays on the St. Lawrence, but they are put in positions of responsibility where they can prevent St. Lawrence development. My hon. friend paid no attention to what was said. Surely he will agree that the last people in the world to be represented upon a project which has as its end the development of electricity, just as much perhaps as navigation itself, ought not to be those who are directly interested in seeing that that development does not take place. We have had no action yet at all.

Mr. DUNNING: That is not so.

Sir HENRY DRAYTON: Then what action have we had?

Mr. DUNNING: I will reply when my hon. friend has finished.

Sir HENRY DRAYTON: Very well, I should like to have the information now.

Mr. DUNNING: My hon. friend is hardly fair in saying there has been no action yet, because this afternoon I read in detail exactly what has been done by the engineering board.

Sir HENRY DRAYTON: Oh yes, that!

Mr. DUNNING: That! That is one of the most important things to be done. With regard to the membership of the national advisory committee, if my hon. friend's information with regard to Sir Clifford Sifton is as correct as that with respect to Doctor McDougald, I am not disposed to discuss it. The fact that Doctor McDougald was interested a year ago in a power application which did not succeed is surely no evidence that for all time to come he would be an unsuitable person on a national advisory committee when he is chairman of the Montreal Harbour Commission. I have no knowledge that Sir Clifford Sifton does control or is interested in the Georgian Bay Canal Company. Personally I do not attach so much importance to it as my hon. friend does. The national advisory committee is a large committee. No one will deny Sir Clifford's business experience and executive ability; no one will deny that in that respect he is a great Canadian; no one will deny that he has rendered distinguished service to his country as a cabinet minister and also in the work of conservation, to which I understand he has given very valuable service. The point of private interest, if it exists, is worth considering, but I am not taking the mere statement as proof that such interest does exist.

Sir HENRY DRAYTON: I do not know; I saw it in the papers. It is worth inquiring into.

Mr. DUNNING: If my hon. friend accepts as true all he reads about me in the papers—

Sir HENRY DRAYTON: I do not.

Mr. DUNNING: —and if I accepted as true all I read about him in the papers, we would not think so much of each other as we now do. However, the point is worth considering, and I shall be very glad to have it cleared up.

Item agreed to.

Railways and Canals—chargeable to collection of revenue—staff and repairs, $2,389,390.

Sir HENRY DRAYTON: What are the appropriations not required?

Mr. DUNNING: That is part of last year's vote which was not used.

Sir HENRY DRAYTON: What was it for?

Mr. DUNNING: Staff and repairs for all the canals.

Sir HENRY DRAYTON: I see, it is a general vote, nothing is allocated.

Item agreed to.

Railways and Canals—miscellaneous—surveys and inspections—canals, $20,000.

Sir HENRY DRAYTON: What was spent on that last year?

Mr. DUNNING: The whole amount.

Item agreed to.

Surveys and inspections—railways, $50,000.

Sir HENRY DRAYTON: What was spent there last year?

Mr. DUNNING: It was all spent.

Sir HENRY DRAYTON: I should just like to know what we are doing in surveys and inspections of railways now to spend $50,000.

Mr. DUNNING: Included in that vote there has always been an item of $15,000 for the operation of the government cars. There are also some staff items here amounting to $11,400.

Sir HENRY DRAYTON: What are they?

Mr. DUNNING: Office engineer; principal clerk, that is, ranking as such and acting as private secretary to the deputy minister; one account clerk; three stenographers and typists. Telegraph, telephone, express and so forth, account for several small items. Parliamentary travelling expenses are also charged to this vote.

Sir HENRY DRAYTON: Apparently "surveys and inspections" are not surveys and inspections at all.

Mr. DUNNING: Apparently that is its title. It is an old vote and I will have to look into it.

Sir HENRY DRAYTON: We will not worry about the nomenclature, we will try to find out the facts. Apparently this vote is largely to run government cars.

Mr. DUNNING: No, partly. There is $15,000 for maintenance, and $11,000 for operation.

Sir HENRY DRAYTON: Just over $26,000. That would be for the maintenance and operation of private railway cars?

Mr. DUNNING: Yes.

Sir HENRY DRAYTON: How many cars are there?

Mr. DUNNING: Exactly the same as when my hon. friend was in office.

Sir HENRY DRAYTON: My memory is so short. What is the number?

Mr. DUNNING: Five.

Sir HENRY DRAYTON: How are they apportioned now?

Mr. DUNNING: The Minister of Railways, the Minister of National Defence, the Prime Minister.

Sir HENRY DRAYTON: And the others are free lances?

Mr. DUNNING: Just exactly the same as in my hon. friend's time; we have changed nothing in that regard.

Mr. FORKE: I do not think the government and the opposition will quarrel over this item.

Mr. HOCKEN: Why don't you come in here?

Sir HENRY DRAYTON: I wonder if my hon. friend is serious in the implication of that remark.

Mr. DUNNING: I did not hear the remark; what was it?

Sir HENRY DRAYTON: That the opposition was just as anxious to support this vote as is the government.

Some hon. MEMBERS: No, no.

Sir HENRY DRAYTON: Well, what else is it? What is the idea; what is the implication?

Mr. FORKE: You might not be very pleased about it, and yet not quarrel over it.

Sir HENRY DRAYTON: I am not quarrelling, but if my hon. friend is serious I see a chance here to save a little public money. I think these cars should now be struck off.

Mr. FORKE: I did not think the case was so hopeless.

Sir HENRY DRAYTON: My hon. friend is very much more serious in making a joke than in looking after his business here or in considering votes. If he thinks this number of private cars should be cut down I certainly agree, and if he is not prepared to go the whole way will he go half way and move that three of the cars be discontinued and that the vote be reduced accordingly? We could very well do without them now.

Sir EUGENE FISET: Let the other two be placed at the disposal of the members of the House.

Sir HENRY DRAYTON: I do not know that that would be wise either; I think they would become greater bones of contention than they ever have been in the past. Of course my hon. friend has looked after himself rather well; he always had the Defence car.

Sir EUGENE FISET: I never used it in my life.

Sir HENRY DRAYTON: My hon. friend would not use them; he knows they are nuisances. There he was in the Department of National Defence and he did not use this car at all. He should join with me in trying to get rid of three of these nuisances.

Sir EUGENE FISET: That is what I am trying to do.

Sir HENRY DRAYTON: Then I have one supporter in my effort to save a little public money, in the person of the hon. member for Rimouski (Sir Eugene Fiset). Now I wonder if the hon. member for Brandon will not be supporter No. 2 and agree that we should get rid of three of these cars.

Mr. FORKE: I said the hon. member would not quarrel but I must have been mistaken. I do not know exactly what he wants me to do. I made a mistake in thinking he would not quarrel, that is all.

Sir HENRY DRAYTON: I was just trying to find out how far my hon. friend would go in his love for economy. Here we have a case where admittedly we can get along with less cars; we have two which are absolutely not apportioned for business purposes. I quite agree that the Minister of Railways requires a private car in his business; I think it is a very nice thing for the Prime Minister to have a car to run around in, but I think we should stop just at the point where we have looked after the Prime Minister and the one other minister who has any real use for a private car. However, if my hon. friend will not support me I think the best thing to do with this item is pass it on division. We will have an opportunity later on of moving to strike it out altogether, when we will have perhaps a little better representation. Perhaps by the time it is passed on division the ideas of economy of the hon. member for Brandon will triumph over his love for the Liberal tag, and he will be able to shoot a rat with a Liberal tag on it.

9 p.m.

[Mr. Forke.]

Mr. DUNNING: I may have been guilty of giving wrong information, and I would just like to check up. I did make a mistake; there are four private cars instead of five. The fifth car is owned by the railway.

Sir HENRY DRAYTON: Only used, not owned.

Mr. DUNNING: The railway carries the maintenance; all we do is provide for the attendant.

Mr. LAPOINTE: The only criticism I have heard is that we, the present ministers, are not using the cars as they were used in former times.

Sir HENRY DRAYTON: Then, Mr. Chairman, we are getting on in our Dutch auction. Of course the Minister of Justice will want to cut off the overhead now being used to pay attendants for waiting around offices, while they never have a job. Surely he will join me.

Mr. LAPOINTE: No, I will not.

Mr. HEAPS: I think the government should accept the suggestion made by the hon. member for West York. It is all the easier to cut it down from four to two instead of from five to two, because we only cut off two cars instead of three.

Mr. DUNNING: Surely we can look at this matter seriously and without being sensitive about it. As my hon. friend has stated, it is a perfectly proper thing for the Prime Minister of this country, whoever he may be, to have a private car. It is absolutely necessary, in travelling, because no man who is badgered as much as is the Prime Minister could possibly get along in this country without having some place to which he could retire and do his work. The general consensus of opinion also seems to be that the Minister of Railways requires a car, and then we have two spares.

Sir HENRY DRAYTON: And a third which can be used.

Mr. DUNNING: The third is a pretty poor car; I think my hon. friend knows which car it is. However, I should say that only yesterday I received a request for some courtesy in the way of a private car for a very prominent official of the British government, an under-secretary, as a matter of fact, which office in England is next to cabinet rank, as my hon. friend knows. This gentleman is coming to this country for the purpose of conference with the officials of the government. Normally one of these spare cars would be used to extend such a courtesy. I hesitate to appear as a defender of what in some quarters is regarded as an extravagance, but I think there are many other places where we could more easily cut down than on an item of this kind. I felt somewhat diffident in saying anything about it until my hon. friend admitted that the Minister of Railways almost had to have this accommodation, and that being the case I though I might say just a word or two.

Mr. HOCKEN: You should always have a spare tire.

Sir HENRY DRAYTON: Will the minister indicate those places where we could better save money? If he will only tell us where those places are we will let this item go and get after bigger fish.

Mr. DUNNING: That work has already been done. If the hon. gentleman belonged to a government which included the present Minister of Finance, he would know what cutting to the bone means.

The CHAIRMAN: Carried.

Sir HENRY DRAYTON: On division.

Item agreed to.

Railways and Canals—railways employees' provident fund, $50,000.

Mr. NICHOLSON: Before this item passes, as a matter of information, would the minister explain just what is involved here?

Mr. DUNNING: This is the provident fund of the Intercolonial and Prince Edward Island Railway. The act creating this fund provides for the payment to retiring employees on these particular lines of a monthly allowance of 1½ per cent, for each year of service, of the average monthly pay received by such employee for the eight years immediately preceding his retirement, such monthly allowance to be not less than $20. Because of the fact that the cost of living has greatly increased since the passing of this act in 1907, such minimum rate of $20 a month was found to be inadequate and great hardship and even privation were being suffered by those who had been retired under the provisions of the act at the minimum rate. Pending the consideration of a general pension scheme for the Canadian National Railways, provision has been made annually since 1921 for the purpose of affording to these former employees of the crown some measure of temporary relief. The number affected as at December 18, 1925, is 456—that is the old pensioned employees, if my hon. friend is following me—divided as follows: 225 employees granted a maximum allowance of $10, bringing the minimum pension to $30 instead of $20; 201 employees have been given an increase from their pension allowance which ranged between $20 and $30 up to $30. The increase allowed the latter class amounted in some cases to only a few cents and in other cases to $9.75. The fund from which such pensions are paid is made up of contributions from the men and from the government. In the early stages the government contributed dollar for dollar with the employees, but when the $100,000 mark was reached the government's contribution became fixed at that amount with the consequence that now by far the greater proportion of the fund is made up of the men's contribution. The vote itself is identical with the vote of last year, and the provision is as I have stated.

Mr. NICHOLSON: Could the minister say approximately how many employees there are on that portion of the Intercolonial, or does this include the Intercolonial and Prince Edward Island railways?

Mr. DUNNING: The entire Intercolonial and Prince Edward Island railways, but my hon. friend should bear in mind that the 456 retired employees affected are only those who were retired at the minimum pension originally of $20 a month, and this provision is used entirely for raising the allowance to a more generous figure consequent on the increase in the cost of living.

Mr. HOCKEN: What is the total number of men on pension on the Intercolonial and Prince Edward Island railways?

Mr. DUNNING: I am sorry I have not that information at hand, but I will get it for my hon. friend. Of course, those who retire are retired under the provisions of this act to which I have just referred, the act of 1907, and must qualify in accordance with its provisions.

Mr. HOCKEN: I gather from what the minister said that this is only a part of the pensioners, and that there are a great many others who have been pensioned.

Mr. DUNNING: This consists only of those who were retired at the minimum allowance of $20 per month.

Mr. HOCKEN: What I would like to get at, if I can, is the number of men employed on these railways and the number that have been pensioned.

Mr. DUNNING: I will get that information for my hon. friend.

Item agreed to.

Board of Railway Commissioners for Canada, maintenance and operation of, $250,030.

Sir HENRY DRAYTON: That item was discussed this afternoon and alowed to stand.

Mr. DUNNING: That is the statutory vote.

Sir HENRY DRAYTON: Oh no, the chairman has gone back to the vote that was allowed to stand.

Mr. DUNNING: My hon. friend wanted information as to the cost year by year.

Sir HENRY DRAYTON: The year 1921 was the year I was speaking of.

Mr. DUNNING: I will go back to 1916-1917. To illustrate the gradual increase. I suppose the increase is attributable to the reasons I mentioned this afternoon. These are the fiscal years with the amount in each case in round numbers:

1916-17	$166,000
1917-18	172,000
1918-19	177,000
1919-20	184,000
1920-21	192,000
1921-22	205,000
1922-23	211,000
1923-24	223,000
1924-25	212,000

There is a gradual upward movement until 1924-25, when there was a reduction of over $11,000 in that year.

Sir HENRY DRAYTON: Go ahead.

Mr. DUNNING: I gave 1925-26. It was $212,000.

Sir HENRY DRAYTON: For 1925-26, it is $244,000.

Mr. DUNNING: No, there is an error somewhere.

Sir HENRY DRAYTON: It is an error in my hon. friend's estimates.

[Mr. Dunning.]

Mr. DUNNING: This is actual expenditure. The amount I gave for 1924-25, was $212,000.

Mr. STEVENS: What about 1925-26?

Mr. DUNNING: I will get that information for my hon. friend. In the meantime perhaps we could take Item No. 108.

Trent Canal construction (revote, $19,000), $19,000.

Sir HENRY DRAYTON: That is a revote.

Mr. DUNNING: Both are revotes.

Item agreed to.

Sir HENRY DRAYTON: I think we had better get the other matter adjusted.

Mr. STEVENS: While the minister is getting the exact figures I was going to ask if the increase in this vote for the railway commission of $5,671 is for the fixing up of the room of the new commissioner, Mr. Thomas Vien. I know it was very luxuriously fitted up and I was wondering whether the expenditure came under this item.

Mr. DUNNING: The increased expenditure is entirely due to reclassification and statutory increases in salaries.

Mr. STEVENS: Perhaps the adorning of these chambers came out of the public works vote.

Mr. LAPOINTE: I think you are right.

Mr. STEVENS: Probably when the Public Works votes are under consideration we will discuss this item.

Mr. CASGRAIN: It is very ordinary.

Mr. STEVENS: Something like the Sultan of Turkey, I am told.

Item agreed to.

Welland ship canal construction: To provide for payment to P. Lyall and Sons, Construction Co. Ltd., of compensation on account of washing rock excavated from Sec. 4. before crushing for concrete and not anticipated at time tenders were called, for 207,500 cu. yds. at 70c., $145,250.

Sir HENRY DRAYTON: I think we should give some consideration to that item.

Mr. DUNNING: My hon. friend wants complete information?

Sir HENRY DRAYTON: Yes. We have done pretty well in getting rid of the small items.

Mr. DUNNING: I am not complaining at all; I appreciate the treatment accorded me in that respect. This vote is for extra compensation to the P. Lyall Company on

account of having to wash the rock excavated from section 4 before crushing for concrete. I do not know that I need read the pertinent sections of the specification forming part of the P. Lyall Construction Company's contract.

Sir HENRY DRAYTON: Usually in a case such as this we ask the minister to produce the file, and I would ask him to do so. It is one of those things which may be all right and may be absolutely wrong.

Mr. DUNNING: I shall be glad to produce the file. Could I save time by reading the engineer's report on the matter?

Sir HENRY DRAYTON: If my hon. friend will produce the file it might be passed at once.

Mr. DUNNING: The engineer's report reads:

> The contractors for sections Nos. 3 and 4 are obligated to supply all crushed stone needed for sections Nos. 1 and 2 under contract with Mr. J. F. Porter, and this supply has precedence over any rock needed for sections Nos. 3 and 4.
>
> When the contract for sections 3 and 4 was awarded in June 1922, no excavation had been started in section 4, but excavation in section 3 was well under way and the rock excavated therein, containing no clay or other objectionable matter for concrete, was all sent to the crusher. In none of our borings in section 4 did we find rock of a character different to that found in section 3, and it was no doubt on this assumption that the contractors put in their unit tender prices.
>
> Acting on this assumption we did not force the contractors to reserve all stone excavated from sections 3 and 4 for sections 1 and 2 and we allowed them to use a large portion of it for concrete work.
>
> Contrary to all anticipation, it is now found that the southern end of section 4, from Stations 360 to 397, has a rock formation intermixed with thick vertical and horizontal seams of brown clay and silt rendering necessary the washing of the greater part of the rock before allowing it to proceed to the crusher.
>
> A very close tab has been kept of the extra cost to the contractors of this washing, as detailed in division engineer Lazier's report of August 25th, 1925 and engineer in charge Grant's report of September 25th, 1925.
>
> From these compilations it is found that some 374,500 cubic yards of rock have, or will have to be washed, at an estimated extra cost to the contractors of 70 cents per cubic yard, representing a total extra cost of $262,150.
>
> I do not know how the claim would stand on legal grounds as, in order to protect the crown against dishonest contractors, the specifications have been made extremely rigid and arbitrary, but in equity at least I believe that the department would be well justified in allowing the contractors the extra cost, as established by us, of two cents per cubic yard for all rock excavated from Section No. 4 which we have ordered them to wash before sending it to the crusher.
>
> Otherwise, bona fide contractors will in the future have to raise their unit tender prices to provide for even the most improbable contingencies.

That is signed by the chief engineer. The item in connection with that was dealt with by my predecessor prior to my coming down here, and naturally my reaction in connection with it was to make a careful inquiry. The contracts of the department are most rigid; they have been developed over a long period of years from the experience of contractors finding a hole in their contract and that hole being plugged, and other holes being found and plugged in succeeding years, until now the contract is so rigid that there is no possibility of the contractor getting through it at all. It is very doubtful whether the contractor could in any court collect this extra money, in spite of the fact that we ordered him to do something which was certainly not in his contract, but which had to be done if the rock was to be fit for concrete work at all. Most hon. members know that foreign material, such as clay, mixed with rock in concrete work simply destroys the concrete and makes it of no use. I shall be glad to bring down the information and let the item stand to have the file produced, or we can pass the item and bring down the information later; either course will suit me.

Mr. STEVENS: I should like to ask two questions in relation to this. It will be noted first that the price is 70 cents a yard for the washing of this rock. That cost may include the handling or part of the handling of the rock in addition to the mere washing. The rock would have to be handled in any case. I point that out to the minister, because the figure of 70 cents a yard seems to me to be an excessive figure for the additional cost that would be necessary in washing this rock. The other point I wish to bring to his attention is that the engineer's report indicates that in number 4 section, contrary to expectation, and also contrary to the results of previous borings, it is now found in actual work that there are in the rock formation certain areas comprising seams of clay and silt, consequently, the excavation in all probability will be cheaper and less difficult than in the case of solid rock formation. That may or may not be the case, but the matter should be carefully considered and if there is a saving in the cost of excavation because of the material being softer and less difficult to excavate, such saving should be deducted from this figure of $145,000 or the total figure which the minister indicated a moment ago of some $250,000.

Mr. DUNNING: The engineer points out to me that it is not a lump sum, but a unit price contract. When earth is excavated the contractor is paid only for excavating earth; when rock is excavated he is paid for excavat-

ing rock. A very close tab is kept on the expense. The file will reveal that, and I had better bring down the file. I will agree to let the item stand or have it passed subject to bringing the file down.

Sir HENRY DRAYTON: It would be better to bring the file down first.

Mr. DUNNING: We will let the item stand and bring the file down later.

Item stands.

Mr. DUNNING: As regards the railway commission item, which was allowed to stand for further information, I may say that the amount spent last year was $240,388.58.

Sir HENRY DRAYTON: How did the minister manage to get rid of that?

Mr. DUNNING: I did not manage to get rid of it.

Sir HENRY DRAYTON: How did the board manage to get rid of it? This just shows when you get the facts how completely the minister's idea that this was a gradual increase in salaries is out of place. His own figures show a jump in the department last year from $212,000 to $240,000. The minister was wise in stopping at 1925 when he was giving the figures. Will he say why the expenses of that department should increase $28,000 in a year? Because that is what his figures show. The matter is getting worse instead of better.

Mr. DUNNING: In the previous year, for some unexplained reason, the expenditure declined by $12,000. As between 1924-25 and 1925-26 the expenditures increased, as my hon. friend says, as much as they went down and $12,000 more. My hon. friend stated this afternoon that as chairman he was never refused the necessary appropriation to carry on the work of the Board of Railway Commissioners. This government has not taken the position of refusing what the board considers necessary. I will, however, in view of the increase, give the assurance that during the coming year I will take occasion to consult with the board in regard to the gradually developing expense in connection with their work. It it were possible to bring the board here we would probably find that the investigations they have under way are of a far-reaching and important character, and they might supply us with information beyond that which I have given. The increase from last year to the coming year is accounted for, as I said before, by statutory increases in salaries and civil service reclassification.

Sir HENRY DRAYTON: Why does my hon. friend want to go above the high-water mark of $240,000? It is going up again.

Mr. DUNNING: That was the figure supplied by the board with respect to their needs.

Sir HENRY DRAYTON: Has the old rule that members of the board had to give all their time to the work and engage in no other occupation been abrogated?

Mr. DUNNING: Not to my knowledge.

Sir HENRY DRAYTON: I understand the deputy chief commissioner went to England on a legal case. I was just wondering whether the rule had been abrogated.

Mr. DUNNING: The case in question is one which the present deputy chief commissioner had in hand at the time he assumed that office, and as a matter of justice to his client he could not very well drop it. He was accordingly permitted to make that trip, but the rule has not been abrogated.

Sir HENRY DRAYTON: Are there any other cases to be wound up?

Mr. DUNNING: Not that I know of.

Mr. STEVENS: At whose expense will he go to England?

Mr. DUNNING: At his own, of course.

Item agreed to.

Progress reported.

YUKON QUARTZ MINING ACT AMENDMENT

Hon. CHARLES STEWART (Minister of the Interior) moved the second reading of Bill No. 154, to amend the Yukon Quartz Mining Act.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

CHICOUTIMI HARBOUR COMMISSION

Hon. P. J. A. CARDIN (Minister of Marine and Fisheries) moved the second reading of Bill No. 150, respecting the Chicoutimi Harbour Commissioners.

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

On section 1—Short title.

Sir HENRY DRAYTON: When the resolution was under discussion the minister gave two reasons for the incorporation of harbour commissioners: first, request from the people of the locality concerned; and, secondly, request from the member representing that locality. Is there any other ground he can suggest?

Mr. CARDIN: I may add, the importance of the locality and the developments which, as in this case, have already taken place. It is difficult to draw the line between ports that require and ports that do not require harbour commissions. To a great extent it must be a matter of choice on the part of the people affected. I realize of course that there are important ports in Canada which are managed without the assistance of harbour commissions, and I may assure the hon. gentleman that if a request comes from any such port there will be no resistance on the part of the government. In this case the people are satisfied that the business of the port can be carried on to better advantage if a commission is appointed. The committee will understand that no expense devolves on the government. The commission is expected to operate on its own revenues, and if assistance should be required at any time application must be made to parliament. This bill does not provide for any advances, the object being merely the incorporation of the commission. I would remind my hon. friend that even in such ports where there are no commissions the government is very often obliged to make expenditures. There are in Canada certain ports that handle only grain and coal, but the vessels calling at Chicoutimi will carry cargoes of various descriptions. The important point, however, is that the government is not committing itself to any expenditures; as I say, if any assistance is needed later on the commission will have to come to parliament. Where expenditures are made in ports that are not under the control of commission, the money is spent through the Department of Public Works. I do not think I can give any further reasons for the appointment either of this commission or of harbour commissions generally.

Sir HENRY DRAYTON: I was merely trying to find out what the policy was. This may be a good place for a commission; I do not know. These harbour commissions sometimes work well and sometimes they do not. I was anxious to ascertain whether there was any other reason for the bill than public clamour, but apparently there is not.

Mr. CARDIN: It is the desire of the business men of the locality.

Sir HENRY DRAYTON: If they ask for it they get it.

Mr. CARDIN: Yes, just as I would grant the request if it came from any other quarter.

Mr. STEVENS: From a cursory glance at the bill I fancy it is modelled after the acts incorporating the Montreal and Vancouver boards.

Mr. CARDIN: It is practically a copy of the Vancouver act.

Mr. STEVENS: What is the magnitude of the business now handled at this port? What are the customs returns as to tonnage in and out?

Mr. CARDIN: I have no information regarding the customs revenues, but the harbour dues collected last year amounted to $7,192.

Mr. STEVENS: What salaries will be paid?

Mr. CARDIN: No salaries.

Section agreed to.

Section 2 agreed to.

On section 3—Interpretation.

Mr. STEVENS: Are these definitions the same as those in similar bills?

Mr. CARDIN: Absolutely; they have been taken from the others.

Section agreed to.

On section 4—Harbour limits defined.

Mr. STEVENS: I have a little experience in matters of this kind, and I should like to know whether the government has carefully ascertained the limits in this case. The section refers to "all tidal waters of the Saguenay."

Mr. CARDIN: From a certain point.

Mr. STEVENS: Yes, but they are more or less undefined. The tidal waters might over a considerable distance interfere with private properties and interests, creating difficulties to be coped with later on. Has the government checked the boundaries which are so indefinitely fixed in this section?

Mr. CARDIN: The matter has been considered by the officers of the department and I am assured that there will be no interference with private property.

Mr. STEVENS: I would merely add that I think it is in the interest of the government that the upper boundary should be fixed by something more than merely the movement of the tide.

Section agreed to.

Section 5 agreed to.

On section 6—Officers and employees.

Mr. STEVENS: This of course provides for what is the usual equipment of a first-class harbour. The government is going to be faced with the necessity of financing this.

Mr. CARDIN: No, the harbour commission will finance itself through its revenue. Of course if it has to ask the government for anything it will have to come before parliament.

Mr. STEVENS: We hope so.

Sir HENRY DRAYTON: Has the government considered the desirability of retaining some control over salaries and expenditures in connection with the harbour commissioners?

Mr. CARDIN: The salaries to be paid have to be fixed by by-laws, and those by-laws will have to be approved by the minister.

Sir HENRY DRAYTON: Is my hon. friend quite sure that is right? That is the understanding which I had myself, but I notice that to a question put recently by one of the hon. members for St. John information was refused as to the salaries paid by the commissioners of Quebec harbour. Now, it would be highly improper to refuse that information if it was a matter of government business. I have not the question in my mind exactly, but I think my hon. friend has. Surely the House has a right to take action as a committee of parliament,—a term of which this government is so fond. We cannot do so if the position is taken that it is something we are not concerned with. My hon. friend probably recollects the question and answer?

Mr. CARDIN: I do. I am not quite sure that the harbour commission to which my hon. friend refers is on the same footing as the Vancouver Harbour Commission or this commission. My hon. friend will find that under subsection (d) of section 11 the commissioners may by by-law provide for:

> The compensation or salaries to be paid the officers, assistants, engineers, clerks and servants appointed by the corporation;

[Mr. Cardin.]

And further on he will see that the by-laws will have no force or effect until they are confirmed by the Governor in Council. So the salary by-laws will have to be approved by order in council. I am not sure that there is a similar provision in other cases.

Sir HENRY DRAYTON: Can my hon. friend tell the House just exactly the grounds on which he refused to answer the question. I have referred to in regard to the Quebec Harbour Commissioners? Was not that a matter of public business?

Mr. CARDIN: We took the ground that according to the policy which had been followed by this government, and I believe by the preceding government too, certain information could be withheld, for example, by the officers of the National Railways, which they considered of a confidential nature. We followed the same principle because we contended that the salaries, being paid out of the revenues of the port, were rather of an administrative nature, and therefore the commissioners were entitled to secrecy as to them. I must admit that I am not so strong with respect to that case.

Sir HENRY DRAYTON: Let me hasten to assure my hon. friend that he is quite wrong. I have no doubt representations were made to him as he says, but what was withheld, both by the previous government and by this government—although this government has withheld far more—in connection with the railways was in relation to questions of competition, where if the information had been given out competitors could have taken advantage of it. But even in that case it was confined entirely to current business, never to capital account, although this government extended it to questions of capital account. My hon. friend will see how absurd it would be for him to take the position that there is any analogy between the two cases. The harbour commissioners of Quebec have no competitors. My hon. friend says the salaries were paid out of the revenues of the port. Who is paying those revenues? The taxpayers of Canada.

Mr. CARDIN: Not only the taxpayers of this country, but also the owners of foreign vessels.

Sir HENRY DRAYTON: But foreign vessels do not come there unless their owners are making some money out of the traffic. The ultimate Canadian consumer is paying every cent of it. But over and above all that, there is a tremendous deficit there every

year; we cannot get our interest, and we are carrying that port. I hope my hon. friend will see that that position is reconsidered. I point out to him that it is absolutely at variance with what he himself thinks ought to be done and what he is doing in this very bill. It is information to which the public is entitled, and I am quite sure my hon. friend will see that an answer is given to the question I have referred to.

Mr. CARDIN: Of course the information will be open to the public in this case.

Sir HENRY DRAYTON: And in the other too.

Mr. CARDIN: I am ready to consider it. I do not know how the law stands with respect to it.

Sir HENRY DRAYTON: It is entirely in his own hands. It is not a question of law, it is a question of what is right.

Section agreed to.

Sections 7 to 10 inclusive agreed to.

On section 11—By-laws.

Sir HENRY DRAYTON: We should take this section paragraph by paragraph.

Subsection 1, Paragraph (a) agreed to.

Paragraph (b)—Regulation and control of vessels.

Sir HENRY DRAYTON: That seems to be a very broad clause.

Mr. CARDIN: It is the ordinary clause. It is included in all the other Harbour Commission Acts.

Sir HENRY DRAYTON: Then I do not suppose any trouble will come of it, but I think it is rather broad. It covers the regulation and control of each and every matter in connection with vessels navigating the harbour. I should have thought the harbour commissioners could only control matters in connection with the mooring, berthing, discharging or loading of vessels.

Mr. CARDIN: That is the usual clause; you will find it in the Vancouver and other harbour acts.

Paragraph (b) agreed to.

Paragraphs (c) to (k) inclusive agreed to.

Section 11 agreed to.

On section 12—Payment of rates as to seagoing vessels.

Sir HENRY DRAYTON: That is the same standard?

Mr. CARDIN: Yes, the same thing.

Section agreed to.

Section 13 agreed to.

On section 14—borrowing powers.

Mr. NICHOLSON: It seems to me that this is the important clause of the bill. This measure has to do with a harbour or port from which the total revenue last year amounted to some $7,000. By this bill we are setting up a full fledged harbour commission and making provision for a staff of engineers, clerks, officers, and everything they may need, and by clause 14 we are giving them authority to borrow money, subject to the ratification of the Governor in Council. We are simply inviting this commission to spend money, to put it plainly; we are simply saying, "Here is the opportunity; now go out and issue bonds and debentures for which the Governor in Council will be responsible, with which to put on all the frills in connection with this harbour."

Mr. CARDIN: My hon. friend is mistaken; the government is not responsible unless we decide to take responsibility through a bill which will be brought before parliament. But there is no responsibility under that clause.

Mr. NICHOLSON: Perfectly true, but we are setting up this organization to control that port, and when they come to the government and say, "We must have a loan of $100,000 and if we do not get it we cannot do the work" you will have to give it to them.

Mr. CARDIN: Parliament will have to judge that.

Mr. NICHOLSON: The government is authorizing this commission to go ahead and organize that port in their own way. True, it is subject to ratification by the Governor in Council, but in the passage of a bill of this character, I submit that if the minister will just go back and think of what has taken place, past experience will show that in every case where this kind of commission has been set up the usual result follows, and the government of Canada becomes responsible for its expenditures which just accumulate from year to year. That is why the general list of expenditures is increasing.

Mr. CARDIN: Suppose there is no harbour commission at Chicoutimi and that on account

of developments which will take place in that neighbourhood within four or five
10 p.m. years the population of the district increases to fifteen or twenty-five thousand or more; if they come to this government or to any other government asking for wharves to be built or dredging to be done in Chicoutimi, who is to refuse them? Probably they will not have to come, because the traffic will be developed by that time. My hon. friend says there is no commission which has not come to parliament to borrow money; the commission of Three Rivers has not yet come before parliament.

Mr. NICHOLSON: The minister is mistaken.

Sir HENRY DRAYTON: It is very young.

Mr. CARDIN: The harbour commission of Three Rivers was established three or four years ago.

Mr. STEVENS: What about Vancouver?

Mr. CARDIN: I think I may say that Vancouver is going to take care of itself very soon.

Mr. STEVENS: It has always paid its interest.

Mr. CARDIN: So the government has no responsibility at all. When there is sufficient traffic at Chicoutimi to justify it we will have plenty of opportunity to look into this thing and to discuss the needs when these people come before parliament—if they ever come—asking for assistance or asking to have the right to borrow some money, but at present they are not asking for a dollar. They only want to form some kind of corporation to look after the needs of the port, and these people are to administer the harbour according to the revenues they are receiving at present. These moneys for which they are authorized to issue debentures are guaranteed by the revenues receivable or the property controlled by the corporation, so we take no responsibility at present.

Sir HENRY DRAYTON: The minister should be able to tell us what this money will be raised on, what property the commissioners have.

Mr. CARDIN: The revenues or property receivable or controlled.

Sir HENRY DRAYTON: I am referring to the property to be charged by these mortgage bonds to be issued. How much money have we now invested in Chicoutimi which we would be handing over to the commission —because we are handing over all our property there?

Mr. CARDIN: Yes.

Sir HENRY DRAYTON: What does it amount to?

Mr. CARDIN: I could not tell at present.

Mr. LAPOINTE: May I say that the harbour of Chicoutimi will do the work for not only Chicoutimi but for the adjoining district as well, including Bagotville, St. Alphonse and that new city of Arvida which was created this winter, where there will be a population of thirty thousand within two years and one hundred thousand within ten years, according to the officials of the Aluminum Company. This company is there building a plant the total cost of which I understand will be in the neighbourhood of $100,000,000. It is a stupendous work which is going on in that territory. The Duke-Price Company are building a huge pulp and paper plant, and there is also the surrounding district to be considered. It is understood that it is the most promising section of the province of Quebec and that is a very moderate statement. The Aluminum Company have already given orders for a number of big ships and are going to operate them. These ships will bring the raw material from South America for the operation of their plant in Chicoutimi. Ultimately the Saguenay river will become one of the most important avenues of navigation.

Mr. NICHOLSON: I think everyone appreciates that, and anything I may say with respect to this matter is not intended in any way to minimize the importance of the harbour. But the point is this: I take it that the port of Chicoutimi has been administered by a harbour master up to now.

Mr. LAPOINTE: It would until a very few years ago.

Mr. NICHOLSON: Exactly. There must have been a harbour master at Chicoutimi the same as there is in the case of hundreds of other ports of a similar character throughout Canada. But it seems to me that when you create a commission of this character you immediately set up a spending body. You appoint a commission of three men. It is all right to say they are not going to get salaries, and that they will have to finance themselves, but I make the prediction that before a year, or perhaps two years, we will

find that this body has issued bonds and debentures for which, in the final analysis, this government will become responsible and they will have to pay to the extent of a very large expenditure. I ask hon. gentlemen to watch and see what will take place.

Sections 15 and 16 agreed to.

On section 17—Seizure and detention of vessels.

Sir HENRY DRAYTON: Where is the authority to be found for the limits defined in this section?

Mr. CARDIN: In the shipping act.

Sir HENRY DRAYTON: The right of seizure and detention is given not only in the harbour limits but anywhere in the province of Quebec. We have something very different from that, of course, in Vancouver. What is the limit in Vancouver? The province of British Columbia?

Mr. CARDIN: Yes, the province of British Columbia and that part of the ocean over which we exercise jurisdiction.

Section agreed to.

On section 18—Seizure and detention of goods.

Mr. CARDIN: These are the customary clauses.

Section agreed to.

Section 19 agreed to.

On section 20—Service of process.

Mr. STEVENS: The minister is quite clear that all these sections are modelled after clauses in other bills?

Mr. CARDIN: Yes. That is the absolute information given me by the officers of the department.

Mr. STEVENS: As far as I can get the effect of the sections as we go along, they seem to be in harmony.

Section agreed to.

Sections 21 to 24, inclusive, agreed to.

Bill reported, read the third time and passed.

CRIMINAL CODE AMENDMENT

Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 153, to amend the Criminal Code.

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

On section 1—Unlawful associations, publishing seditious books.

Sir HENRY DRAYTON: Will my hon. friend kindly explain the purpose of the section?

Mr. LAPOINTE: These two sections which we intend to repeal were added to the Criminal Code in 1919. I do not say that they were placed in the act on account of events in Winnipeg, although it was done after those events. But it was explained at the time that owing to the period of unrest through which the world was passing it would be important to place those sections in the act which, if not enlarging the powers already given under the clauses relating to sedition, would at least make them more definite in certain ways. It was further explained that they were intended to replace to a large extent, certain provisions which had been made during the war under the War Measures Act by way of orders in council. Since that time labour in general, but especially organized labour, has continually and strongly complained about these two sections. Every year since I have been a member of the government representatives of the Trades and Labour Congress, when they came annually to present their suggestions to the government, have asked that these two sections might be repealed, leaving the situation as it was prior to 1919. They have always feared that the sections in question would be directed against the activities of labour unions, although those who are responsible for the insertion of the sections in the code always claimed that such was not the intention. At all events we have already in the code sufficient protection as to everything against which we should be protected in the matter of sedition. We have those precautions in section 87 and also provisions concerning unlawful assemblies. We find provisions in section 130 regarding sedition, oaths or engagements in societies; in section 132 against seditious words, seditious libel and seditious conspiracy, in section 135 against any libel on a foreign sovereign, and in section 136 against publishing false news. Sedition under the British law, of course, is an old offence, but there has never been a strict definition of sedition. I think it was in 1880 that the British commissioners who were entrusted with the work of drafting the English code inserted a clause defining seditious intention. That clause read as follows:

An intention to bring into hatred or contempt or to excite disaffection against the person of Her Majesty, or the government and constitution of the United

Kingdom or of any part of it as by law established, or either House of Parliament, or the administration of justice; or

to excite Her Majesty's subjects to attempt to procure, otherwise than by lawful means, the alteration of any matter in church or state by law established; or

to raise discontent or disaffection amongst Her Majesty's subjects; or to promote feelings of illwill and hostility between different classes of such subjects.

This was not made part of the British code; parliament rather preferred to let the tribunals decide as to sedition under the common law as the practice had always been in the past. The same thing happened in Canada. When our Criminal Code was introduced in parliament there was a clause similar to the one which had been drafted by the commissioners of the English code. Here also, after a good deal of discussion and criticism, both in committee and in the House, the clause was not accepted, and we were left with the old British law concerning sedition and governed by the common law of England. This has always worked well in Canada, as well as in Great Britain, and I am firmly convinced that the sections which were added in 1919, on account, as was said at the time, of the unrest which prevailed in the world, are not at all necessary. I asked the officers of the Department of Justice to ascertain whether any prosecutions had ever been made under these sections, and I was told that they could find no record of any.

Sir HENRY DRAYTON: We were told in the debate the other day, which was provoked on a question of privilege, that people were prosecuted in Winnipeg under this section.

Some hon. MEMBERS: No.

Mr. WOODSWORTH: No, that is a mistake.

Sir HENRY DRAYTON: The hon. member for North Winnipeg said so. It may be a mistake but the statement was made.

Mr. LAPOINTE: I do not think there was any case before the court under those sections.

Mr. HEAPS: It was under the Immigration Act.

Sir HENRY DRAYTON: The Winnipeg proceedings were taken under the old law.

Mr. LAPOINTE: I do not think there is any reason why we should not accede to the requests of the Labour unions, in which they are supported by the railway brotherhood. Their representatives have come here every year, and especially this year, and insisted very strongly upon their requests. They have a feeling that these provisions are directed against organized labour. I do not think that such was the intention, but owing to the fact that we are amply protected by the sections of the Criminal Code as they are and as they were, we are asking the repeal of those two sections.

Sir HENRY DRAYTON: If I understand the hon. minister, his position is not that he has any objection to the law against the use of force, violence, terrorism or physical injury to any person or property, or the provision respecting the overthrow of governments, but what he is doing is to strike out the unnecessary provisions in the act.

Mr. LAPOINTE: Yes.

Sir HENRY DRAYTON: The first section repealed is a provision against the use of force, violence or physical injury to any person or property. What section of the code covers that case?

Mr. LAPOINTE: Sections 133 and 134.

Sir HENRY DRAYTON: No, the minister is repealing 97A.

Mr. LAPOINTE: Yes.

Sir HENRY DRAYTON: What is the existing section which covers that?

Mr. LAPOINTE: Sections 133 and 134. The provisions of the code relating to utterances which have a tendency to produce feelings of hatred or ill-will between different classes of a community have always come under the provision relating to sedition under the common law.

Mr. STEVENS: How does section 133 read?

Mr. LAPOINTE: It is rather an exception, to show how far under the general term "sedition" the courts can go. It was necessary to insert an exception. Section 133, which was repealed in 1919, is to be re-enacted as follows:

"No one shall be deemed to have a seditious intention only because he intends in good faith,—

"(a) to show that His Majesty has been misled or mistaken in his measures; or,

"(b) to point out errors or defects in the government or constitution of the United Kingdom, or of any part of it, or of Canada or any province thereof, or in either House of Parliament of the United Kingdom or of Canada, or in any legislature, or in the administration of justice; or to excite His Majesty's subjects to attempt to procure, by lawful means, the alteration of any matter in the state; or,

"(c) to point out, in order to their removal, matters which are producing or have a tendency to produce feelings of hatred or ill-will between different classes of His Majesty's subjects."

We want to reinsert those exceptions to the general law of sedition.

Mr. HOCKEN: Were any of those trades unions able to explain to the minister's satisfaction how these clauses now in the act could apply to them?

Mr. LAPOINTE: Well one of the grounds of their fears was the use of the word "force", coupled with the word "industrial or economic change." They claim that certain courts have expressed the opinion that a strike, for instance, would come within the meaning of the word "force", and that this section might be used against labour unions in an industrial difficulty where resort is had to strikes in order to secure an economic change.

Mr. HOCKEN: I do not agree with that. But supposing that is the case, why could that section not be amended by striking out that particular part of it and leaving the section to operate against men who come in here to advocate setting up such a system as they have in Russia?

Mr. LAPOINTE: My hon. friend may be sure that the Criminal Code as it was and as it will be left will be sufficient to protect the citizens of Canada in that respect. I am far from being sure that these sections have improved our code. I think the British system with regard to this is better than the United States system. These are really copies of the United States law in this matter and I am in favour of the British system.

Mr. WOODSWORTH: If I may supplement what the minister has said with regard to the objections of organized labour, I should like to quote a paragraph or two from the 1920 report of the proceedings of the Trades and Labour Congress of Canada. They had taken the advice of Mr. J. G. O'Donoghue of Toronto with regard to the bearing of certain of these sections. He gives his reasons for his objection to these two words "force" and "terrorism" which had been made use of in connection with the Winnipeg trials.

Judge Metcalfe's charge to the jury in the Russell case contained the following:

> Mr. Russell gave us his idea of a sympathetic strike. He said, "When a dispute originates between an employer and his employees, and when the labour organizations see that organization being beat, they come to their assistance by calling a strike to force their employers to bring force to bear upon the original disputants to make settlement." That is Russell's definition given in the box. . . . Force, force, force.

The comment is made:

> A court would be quite justified in interpreting the word in its natural or dictionary sense.
>
> As for the word "terrorism", some light can be thrown upon the interpretation of it by that given in the Winnipeg case of Rex vs. Russell. There Judge Metcalfe says:
>
> "To walk around about, for instance, to a place where people are employed in large numbers, and to 'boo', gentlemen of the jury, as much terror may be inspired through that as by two or three fighting chaps coming along with bludgeons. Take it from me, in strikes you can incite terror without hitting a man over the head. You can incite terror of starvation; you can incite terror of thirst. Is not that quite as effective as inciting by bodily violence? Your stomach will bring you quicker than a crack on the head sometimes. If it is possible that picketing can be done in this country, then the lawful method of picketing is so ineffective that it is a reasonable inference that in strikes of this class, unlawful means would be intended to be applied. Sometimes it has a deterring effect upon people's minds by exposing them to have their motions watched, and to encounter black looks."
>
> The last couple of lines show the possibilities of the word "terrorism."

But apart from the question of altering these two words, I should like to call attention in the sections to be repealed to several phrases which I think any hon. gentleman will come to realize are not such as we would like to leave in the laws of this country. In defining an unlawful association one section speaks of any society that advocates the use of force. Again that word is used, but force may be economic force. What do we mean by force? Further, there is this provision with regard to the property of such unlawful association:

> Any property, real or personal, belonging or suspected to belong to an unlawful association. . . may, without warrant, be seized or taken possession of. . . and may thereupon be forfeited to His Majesty.

Mr. HOCKEN: A trades union is not an unlawful association.

Mr. WOODSWORTH: That is the point. Trades unions are afraid of being classed as unlawful associations because they may at a time of crisis such as a strike urge the use of economic force.

Mr. HOCKEN: That is, a sympathetic strike?

Mr. WOODSWORTH: Yes.

Mr. HOCKEN: Which has been determined in Great Britain to be unlawful.

Mr. WOODSWORTH: No, it has not.

Mr. HOCKEN: That is the judgment which was given in the late strike.

Mr. WOODSWORTH: There has been no decision of the courts on that. I am sure

that no one would suggest the desirability of having it in our laws that simple suspicion should be the ground for confiscation. As a matter of fact, although the incident did not come directly under this law, I know of a case in the city of Calgary where an English worker of a superior type had been collecting a library over a period of ten or twenty years and had brought that library with him to this country. Some official ssuspected that there was something dangerous in it. That library was seized without warrant and confiscated, and that man, who happens to be an alderman in the city of Calgary, has been unable from that time on to get it back. If this law were in force that kind of thing could become general.

Mr. STEVENS: That was not done under this law.

Mr. WOODSWORTH: No. I said that did not come directly under this law, but if this law were retained and acted upon, that kind of thing could become general.

Mr. HOCKEN: Has anything of that kind been done under this act?

Mr. WOODSWORTH: As the minister has said, no action has been taken under this law since it was enacted. The act further provides that anyone associated with an unlawful association is liable to imprisonment. Again you have a beautifully indefinite phrase: "associated with." The janitor of a hall in which was held a meeting of an association which was suspected to be unlawful might be charged with being associated with that organization and liable to imprisonment. Further:

> If it be proved that the person charged has (a) attended meetings of an unlawful association. . . it shall be presumed, in the absence of proof to the contrary that he is a member of such unlawful association.

That seems to me a most outrageous clause. If an association is holding a street meeting and someone comes along to listen to what has been said, he is then presumed to be a member of such association and the burden of proof lies with him. We used to be taught that a man ought to be regarded as innocent until he was proven guilty. According to this legislation the thing is reversed and the very fact that he attends a meeting is presumptive evidence that he belongs to an association. Further, any owner of any theatre or other building in which a meeting is held, although he may know nothing about the matter, may be dragged in because there has been this meeting of an unlawful association.

[Mr. Woodsworth.]

Mr. STEVENS: It reads "who knowingly permits", which is contrary to what the hon. member has just said.

Mr. WOODSWORTH: What I meant to say was that the owner of a hall may know the name of an organization, but it is very difficult for him to determine whether or not that organization is unlawful. He may rent his hall or he may be afraid to rent it for fear of being dragged in. A little further down section 6 reads:

> If. . . . any justice of the peace is satisfied. . . that there is reasonable ground for suspecting that any contravention of this section has been or is about to be committed, he may issue a search warrant—

And so on, to seize and carry away books. That is going still further. How any justice of the peace can be more of a mind reader than anybody else, and can determine beforehand whether a crime is going to be committed, I do not know.

Mr. NICHOLSON: Will the hon. member read the first two lines of the section?

Mr. WOODSWORTH: The section reads:

> If any judge of any superior or county court, police or stipendiary magistrate, or any justice of the peace—

I emphasize the last mentioned because he is an inferior officer.

> —is satisfied by information on oath—

Mr. NICHOLSON: He does not need to be a mind reader in that case.

Mr. WOODSWORTH: That is not all.

> —that there is reasonable ground for suspecting that any contravention of this section has been or is about to be committed,—

Et cetera. How can anyone swear that a crime is about to be committed?

Mr. LAPOINTE: Swears that he suspects.

Sir HENRY DRAYTON: I do not think the minister would go the whole length with the hon. member.

Mr. LAPOINTE: We really do not need these sections in the code.

Mr. WOODSWORTH: Suppose that as between different nationals in this country or as between religious bodies prejudice ran high: you can understand how readily some petty police magistrate might get the idea into his head that someone was about to do something dreadful. Would it be reasonable that he should have power immediately to order seizure of property in such a case? In this connection I might quote from a judgment of Lord Camden, who held that search warrants were contrary to the fundamental

Anglo-Saxon rights of personal security and property:

> Where is the written law that gives any magistrate such a power? I can safely answer there in none, and therefore it is too much for us without authority to presume a practice legal which would be subversive of all the comforts of society. . . If suspicion at large should be on a ground for search especially in the case of libels, i.e., seditious publications, whose home would be safe?

We may well take the judgment of Lord Camden on such a point. It is provided further in the code that any person who imports into Canada from any other country any such literature shall be liable to twenty years. I remember an instance several years ago in which a friend of mine wrote to me with regard to a book which he had ordered from England and which had been seized in the customs. On inquiry of the customs officer I found that this book was regarded by the postal authorities as seditious, notwithstanding the fact that it was published in England and that copies of it were on the shelves in some of our public libraries. I wrote back to my friend and told him that he might consider himself lucky that he was not serving twenty years in the penitentiary inasmuch as action could have been taken against him under this legislation in the Criminal Code.

To a large extent our policy after the Great war and subsequent to the Russian revolutoin, when people were very much afraid of what might happen throughout the world, was almost as repressive as the legislation which was adopted in Great Britain a hundred years previously after the Napoleonic wars. In this connection I would quote from May's Constitutional History of England touching the legislation of 1792. At page 33 he says:

> The influential classes, more alarmed than the government, eagerly fomented the prevailing spirit of reaction. They had long been jealous of the growing influence of the press and popular opinion. Their own power had been disturbed by the political agitation of the last thirty years, and was further threatened by parliamentary reform. But the time had now come for recovering their ascendency. The democratic spirit of the people was betraying itself, and must be crushed out in the cause of order. The dangers of parliamentary reform were illustrated by clamours for universal suffrage, annual parliaments, and the rights of man; and reformers of all degrees were to be scouted as revolutionary. . . It was a crisis of unexampled difficulty, needing the utmost vigilance and firmness. Ministers, charged with the maintenance of order, could not neglect any security which the peril of the time demanded. They were secure of support in punishing sedition and treason; the guilty few would meet with no sympathy among a loyal people. But, counselled by their new chancellor and convert, Lord Loughborough, and the law officers of the crown, the government gave too ready a credence to the reports of their agent: and invested the doings of a small knot of democrats—chiefly working men—with the dignity of a wide-spread conspiracy to overturn the constitution. Ruling over a free state, they learned to dread the people, in the spirit of tyrants. Instead of relying upon the sober judgment of the country, they appealed to its fears; and in repressing seditious practices, they were prepared to sacrifice liberty of opinion. Their policy, dictated by the circumstances of a time of strange and untried danger, was approved by the prevailing sentiment of their contemporaries: but has not been justified in an age of greater freedom, by the maturer judgment of posterity.

That summary of conditions which prevailed in that time of unrest may well suggest to us that possibly we have been carried away by some such fear and that the time has come for us to follow more nearly the practice that obtains in Great Britain.

Mr. HOCKEN: I should be the last to suggest that there should be any restriction in the operations of properly organized trades unions. The trades union has in the social system a place which is firmly established, and he would be a judge of very tyrannical and questionable judgment who would read into trades union disputes anything of the character suggested in what the hon. gentleman has quoted. He has cited the conditions that prevailed after the Napoleonic wars. But are we not in a somewhat different position to-day? There is at this time a nation of between 130,000,000 and 150,000,000, the purpose of whose government is to upset the government of all other nations. A world revolution is the policy of the Russian government; there can be no doubt of that. This they declare to be their policy, and instead of applying their own resources to the improvement of internal social conditions they send vast sums of money to other countries to stir up strife with the end in view of precipitating revolution. In the strike which has just concluded in England large sums of Russian money were offered, and in one or two instances accepted, and the offer was not made to assist in winning the strike. I do not think anyone would suggest that.

Mr. LAPOINTE: It was declined.

Mr. HOCKEN: It was from the Russian government. It may not have come through their officials.

Mr. STEVENS: It came through the Third Internationale, which controls the Russian government.

Mr. HEAPS: It came from some of the Russian trade unions.

Mr. NICHOLSON: There is no such thing as a trade union in Russia.

Mr. WOODSWORTH: Mr. Chairman, I do not want to get into a discussion of

Russian affairs, but if the hon. gentleman would read the report of the British trade union delegation that investigated conditions in Russia he would find there are very extensive trade unions in that country at the present day.

Mr. LAPOINTE: We are running away from the bill.

Mr. HOCKEN: I know we are, but I am coming back to it. I want to show why I think there is necessity for some part of that clause. Whether the money came officially from the Russian government or not, this much must be admitted—Mr. Trotsky and the rest of the Russian dictators are just as tyrannical as Napoleon or the czars of Russia ever were, and it was Russian money that was sent to Great Britain in order to organize a revolution and so overturn the present social system. There cannot be any doubt about that, and my argument is, Sir, that while we have 130,000,000 people controlled by revolutionists, who, not satisfied with that they have accomplished in their own country, are keenly anxious to upset constitutional government in all other countries, we must have some law on our statute books to protect us from their activities. The Soviet emissaries are found not only in Great Britain, but in this country, in the United States, in China, in Japan and in India, in fact they are scattered all over the world, and when this Dominion may be made the special object of their attack nobody can tell. I am one of those who believe we are bound continually to have reform, to advance in our social life; but every proposal to that end should be tried and its merits proven before it is put into operation. This is the very opposite of revolution. There has been evolution in our social and industrial life during my time that is really remarkable. When I contrast the conditions under which we now live with the conditions under which I grew up as a boy, I find they are immensely improved to-day. All this goes to show that the process of evolution is proceeding in industry as well as in all other spheres of human activity. I think that is the proper form of procedure. But when we find men who are determined to bring about world revolution and to establish what they call the "rule of the proletariat" in every country of the world, and using the resources of the national treasury of Russia to bring about that violent change, then I say every country that desires to preserve its institutions is warranted in enacting the necessary protective legislation—not to apply such legislation against its own citizens who may be conducting an industrial strike, but to keep out aliens whose only desire is to create dissatisfaction and stir up discord in an effort to upset the government of the country.

Mr. BEAUBIEN: Would not our immigration laws prevent them getting in?

Mr. HOCKEN: No. I am entirely sympathetic towards trade unions and the orderly development of our industrial system, but I am absolutely opposed to anything in the shape of revolution.

Mr. LAPOINTE: May I tell my hon. friend that this bill is not desired by the extremists to whom he is referring but by the Trades nad Labour Congress, which has been asking for such legislation as that which I am now presenting to the House. As my hon. friend says, we must encourage legitimate labour organizations.

Mr. HOCKEN: Hear, hear.

Mr. LAPOINTE: When speaking on the Winnipeg strike some years ago, I took the opportunity of saying, that the extremists do not like the legitimate labour organizations, because they do not want any agreement with capital. Well, the labour unions which my hon. friend desires to encourage, as I do myself, claim that those two sections are directed against them. I do not say they are altogether right in that contention, but that has been their grievance ever since those sections were enacted, and, as I have said, I firmly believe they are not necessary for the purpose which they were intended to effect. I repeat, since 1919 seven years have elapsed, and not once have those two sections been invoked.

Mr. STEVENS: Mr. Chairman, I should like to say to my hon. friend who is directing this bill—and I am speaking entirely for myself; I have not consulted by colleagues other than to speak to those immediately adjoining me to-night—that I would be quite agreeable to the repeal of these two clauses, particularly in view of the assurance that he gives, in which I am quite certain he is sincere, that the offences covered by them are fully covered in the general law which has been on the statute books for many years. Now, I address myself more directly to the observations of my hon. friend from Winnipeg North Centre (Mr. Woodsworth) and the school of thought he represents, because we might as well talk frankly about these things; and I concede he has the right

to hold whatever views appeal to him—what alarms me is this: but before expressing my views let me quote subsection (1) of section 97A, which it is intended to repeal:

Any association, organization, society or corporation, whose professed purpose or one of whose purposes is to bring about any governmental, industrial or economic change within Canada, by use of force, violence or physical injury to person or property, or by threats of such injury, or which teaches, advocates, advises or defends the use of force, violence, terrorism, or physical injury to person or property, or threats of such injury, in order to accomplish such change, or for any other purpose, or which shall by any means prosecute or pursue such purpose or professed purpose, or shall so teach, advocate, advise or defend, shall be an unlawful association.

Now, my hon. friend extracts from the old sections a paragraph here and there. Prior to his rising to his feet I had marked certain clauses and I was going to suggest to him that certain portions which I think extreme should be changed. But I direct his attention and the attention of the House to this point: You have got to read that section in its entirety, for what it is intended to deal with is the heart and kernel of the attempt that was made not only in Winnipeg, but also in Vancouver, in Calgary and in other centres of Canada where it did not really come to light. The section was drafted to cover the type of organization actually in existence in the form of corporate bodies, deliberately intending to wreck the governmental institutions of this country by violence. There is no question of that.

Mr. WOODSWORTH: I want to register an objection to that. May I say a word here?

Mr. STEVENS: I do not think it quite the courteous thing to interrupt.

Mr. WOODSWORTH: Very well, I will wait until the hon. gentleman is finished.

Mr. STEVENS: I always give way to anyone who wants to interrupt, but I think one might be allowed to finish one train of thought. At that time organizations—yes, an organization of a nation wide character—physically visible in Winnipeg, Calgary and Vancouver and known in other sections of the country, was in existence with the deliberate intention of wrecking our constitutional, democratic form of government by violence. There is no doubt of that.

Mr. HEAPS: Would you give proof of that?

Mr. STEVENS: I am not going to be drawn into an argument; I do not think anyone will question it.

Mr. HEAPS: I question it.

Mr. STEVENS: My hon. friend will surely not suggest for a moment that he does not know what I have said to be absolutely correct.

Mr. HEAPS: I certainly deny it in toto.

Mr. STEVENS: I am sorry my hon. friend does so, because I had a fairly high regard for him, though differing from his economic views and from his socialistic views. There are a great many persons for whom I have a personal regard but who hold these extreme views, honestly I believe. But that does not prevent me from expressing my absolute abhorrence of the process or processes which they purpose to adopt, and there can be no doubt but that that condition existed in Canada when this law was passed. Fortunately for Canada, for Germany, for Austria and for the Balkan states which change so frequently; fortunately
11 p.m. for old England and for the United States, though to a less degree, and fortunately for many of the principal countries of the world, the time has passed for the moment when this force or association of forces is very serious or menacing. But the time was only a few years ago when it was exceedingly menacing.

Mr. HOCKEN: And it may be again.

Mr. STEVENS: Yes, and it may be again. Now, Mr. Chairman, we have on our statute books and in the Criminal Code very many sections which I might say are useless and unnecessary so far as the average life of the ordinary citizen is concerned. But why are they there? They are there to meet a possible contingency which may arise; some evil-designed person or group of persons may set out to perpetrate a crime against society, and therefore we protect society by these provisions in the Criminal Code. That leads me to the suggestion that the very language marked here for opprobrium and condemnation will be found in other sections of the Criminal Code. Although I am not a lawyer and may be entirely wrong, I will hazard the guess that one of the expressions used a moment ago—"or is about to be committed"—which was used as a reason why this clause should be wiped out, will be found in other sections of the Criminal Code; it must necessarily be there. I will appeal to my friend the Minister of Justice, and I am sure he will sustain me. If one suspects that the crime of murder or arson or grand larceny or something else is about to be committed—

An hon. MEMBER: Or smuggling.

Mr. STEVENS: Yes, or smuggling—there rests upon that person a duty to do whatever may be in his power to prevent it, and he may get a search warrant through the proper processes. I noted in my bill certain words; one of the things I cited was this phrase, "without warrant", in one section. I have always been very strongly opposed to giving wide license—I did not use the word "liberty" —to peace officers to make searches without warrant; I think we cannot be too careful in that regard. But because I support that principle, and have done so during the fifteen years I have been in this House, I do not want to be classified as one who condemns the structure of society as we now have it, and the institutions we have to-day. I do not want to associate myself, for instance, with a wholesale condemnation of the intent of this legislation, which was passed in a time of stress.

Mr. LAPOINTE: I don't want to, either.

Mr. STEVENS: I am sure my hon. friend does not. That is one reason why I find myself in a somewhat difficult position. I know that my good friend (Mr. Heaps) who is extreme in his views in regard to this and kindred matters will, when this is repealed—and I am prepared to support its repeal on the grounds advanced by the Minister of Justice—go through this country and acclaim it as a victory for the school of thought which he represents in this House. That is one of the reasons I find a dislike, if I may use the word, to support it. If my hon. friend and those associated with him would take the stand taken by the Minister of Justice; if he would take the moderate stand he adopted in his language to-night I would gladly associate myself with him in bringing about the repeal of this measure. But I am apprehensive that its very repeal will be used throughout Canada within the ambit of those who follow the Third Internationale, if I might use that name in a broad sense, as a victory and an encouragement to them to carry on their agitations.

I have one other thought before I sit down. The experience since 1918, the year of the second revolution in Russia; the experience which is not limited to Russia but which centres there because Russia was chosen as a plastic and suitable place to bring their schemes into existence; the experience the world has had of that doctrine, warrants us in setting our faces unswervingly against this propaganda and its extension here or wherever an effort may be made to spread it. It should also be borne in mind that the doctrines of the Third Internationale, against which this legislation was directed, are not the doctrines of the masses; they are not the doctrines of democracy or the proletariat. They are the doctrines of a very narrow group of highly educated but wholly unscrupulous individuals who are seeking for power and who exercise in Russia a more rigid and more arbitrary power than has ever been exercised within the last hundred years by any government on the face of the earth.

I am quite aware that in answer to this statement it will be advanced that the government of Russia to-day is moderate, and that it has qualified its former drastic measures. That is true. Why? Because in the face of an overwhelming world-wide antagonism, not in the ranks of a few capitalists or others but among the rank and file of the people of a dozen countries, in the face of an overwhelming influence from that source they were forced to abandon their extreme economic standards and views and come in large measure back to the normal economic views held in other countries. Yet the avowed intention of the Third Internationale, which still stands behind and whose hand still overshadows the Russian government, is still there. I have a great faith in the people of Canada and have often stated that I do not think such a doctrine can ever find root and succeed in this country; but there were times and there were places where it had such a measure of success that it made a great many of us falter in our confidence in its inability to succeed. So while I personally feel inclined to accept the very moderate and, I think, very reasonable view advanced by the Minister of Justice, I do not wish to allow myself to be associated with the suggestion that this legislation was evil or that its intent was evil; and it is only with the assurance that our liberties are safeguarded in other ways that I would consent at all to agree to its removal.

Mr. WOODSWORTH: I do not wish to delay the passing of this section by speaking at any length, but as the last speaker has directed his remarks to me rather than to the bill, I cannot allow his statements to pass without adding a few words. I would say distinctly that I am not under trial or on the defensive at all. It always amuses me to find the assurance with which some hon. members of this House undertake to lecture other members. Some of them are apt to get very hysterical about Russia. I do not know why Russia should be introduced into this discussion. While the hon. member for Toronto West Centre was speaking I recalled that I had seen in the Graphic a few days ago a rather interesting

illustration showing that in England, they do not get quite so excited about these things. This was an illustration of the unfurling of the Soviet flag at the Shakespeare celebration at Stratford-on-Avon. Evidently the Russian officials, one of whom was the official trade representative of Russia for some time in Montreal, were participating in a tribute from that country to the great British poet. I do not know why in Canada—other than because we are so near to the hysterical United States—we have to become so excited about Russia. The hon. member for Vancouver Centre (Mr. Stevens) spent the greater part of his speech in denouncing the Third Internationale which, according to him, is wholly unscrupulous, one of the worst institutions that has ever existed on the face of the earth, and incidentally he tried to associate me with that body. Well, I may say very frankly, without criticizing the Third Internationale or defending it, that I belong to an organization that has no affiliation whatever with the Third Internationale, and if the hon. member would take a little trouble to read the labour papers he would find that the organ of the Third Internationale sometimes criticises very severely the organization which my comrade and I represent because we are so far from being in harmony with their position.

Mr. HOCKEN: What organization do you represent?

Mr. WOODSWORTH: The Independent Labour Party of Manitoba. We were both elected on its platform, and as my comrade (Mr. Heaps) suggests, we have had the opposition of the communists in the political field. So it is always just a little bit amusing to those of us who have been at all near the inside of the labour movement to hear the perfectly wild statements made by some honourable members—statements which they would be ashamed to make if they had any real knowledge of the situation. The hon. member for Vancouver Centre seeks to associate me with the Third Internationale after he has denounced it in round terms and states that I belong to a certain school of thought, that I am extreme in my views. Well, I have tried to express myself as clearly as possible during the last five years in this House, and I have said here the very self-same things that I have been saying up and down the country.

Mr. STEVENS: No, only a part of them.

Mr. WOODSWORTH: No, the self-same things. I will allow the hon. member for Vancouver Centre to read the very charges made against me a few years ago and I affirm with confidence that he will say that my statements outside are not any more extreme than the statements I have made here. The other night when I suggested a capital levy for the extinction of the war debt, which is a part of our programme, one hon. gentleman stated that it savoured of Moscow. It is the first time in my life I have ever heard that the extinction of the war debt by means of a capital levy was ever advocated in Moscow. As a matter of fact we took the proposal from the programme of the British Labour party.

Mr. HOCKEN: In Russia they took it all.

Mr. WOODSWORTH: Quite so; there they did not wait for a capital levy.

Mr. BEAUBIEN: That is, a capital levy from those who became millionaires during the war?

Mr. WOODSWORTH: Yes. We took the proposal from the British Labour party, but that is characterized in this House as savouring of Moscow. That is the kind of talk in which some hon. members indulge. Without entering any further into the matter, because I thought we had got through with the Winnipeg strike last night, let me make one or two comments with regard to the assertion—simply the bald assertion—made by the hon. member for Vancouver Centre. I do not blame the hon. member. I know how widely such statements were circulated by the press at the time. But I should like to suggest to him that I was as closely connected with that strike as most men. I was not officially connected with it, I did not arrive in Winnipeg until the third week of the strike. But I knew the labour situation intimately at the coast; I knew intimately the men in Winnipeg, and I want to say that there was not one scrap of evidence adduced during the six weeks of the trial that showed there had been any preparation whatever to overturn the government by force of arms. Knowing the inside of the movement as I do I will say this: While there may have been a few individuals who made outrageous statements—I do not deny that—there was no such conspiracy as a great many have imagined.

One other word on this subject and I am through. The hon. gentleman would try to make out that I am advocating the use of force. I would say to him and the House very frankly that on principle I am opposed to the use of force. The political organization which I represent is opposed to the use

of force. That is one reason why we are criticized some times by the representatives of the Third Internationale. We carry our views in that regard to this extent: We are opposed to military force in settling disputes as between nations just as we are to its use in the settlement of disputes as between classes. And the irony of the whole situation is that some of us who during the years of war were accused of everything under the sun that was bad because we opposed force in settling international disputes, have later been accused of the advocacy of force in the settlement of class disputes. I repeat that personally I am opposed to force and further that in advocating the wiping out of this legislation I am not urging or defending the use of force for the attainment of the objects of labour. I would say to the hon. member opposite that if the labouring people are agitating as some of them do, sooner or later force will have to be used; why are they doing it? Because they have learned the use of force from those who control our government to-day. They say that if force was used in whipping the Germans, force is also justified in securing our rights. I think their logic cannot very well be disputed.

Mr. HOCKEN: You are advocating force.

Mr. WOODSWORTH: No.

Mr. HOCKEN: What are you doing then?

Mr. WOODSWORTH: I think any hon. member who has listened to my speech will say that I have not advocated force. I would say that many of the labour people have learned the use of force from those who employed it during the war.

Mr. HOCKEN: That is the government.

Mr. WOODSWORTH: Yes, and having learned the lesson, they say that if the only way of defeating the Germans was by means of force, and if the only way of settling other international disputes is by force, then the means of settling class disputes is by force.

Mr. HOCKEN: You believe that?

Mr. WOODSWORTH: No, nor do I believe it is the way to settle international disputes. That is why I am voting for disarmament all along the line.

Mr. STEVENS: Will my hon. friend dispute the fact that the strike in Seattle, the possession of that city for several days by a certain group, the general strike in Vancouver and the general strike in Winnipeg, were carried on by the application of force, without quibbling as to what form of force? My second question is, was not my hon. friend in favour of and supporting all three strikes?

Mr. WOODSWORTH: I am afraid we are digressing from the bill before the committee, but with regard to that word "force" there was no armed force—

Mr. STEVENS: That is a different thing.

Mr. WOODSWORTH: No armed force in the Winnipeg strike.

Mr. STEVENS: There was forced possession.

Mr. WOODSWORTH: There was a concerted effort on the part of the labour people in general, or a sympathetic strike.

Mr. STEVENS: And physical possession.

Mr. WOODSWORTH: No.

Mr. STEVENS: Absolutely.

Mr. WOODSWORTH: No.

Mr. STEVENS: Physical possession and physical control of the management of the community.

Mr. WOODSWORTH: Since my hon. friend has asked me the question, I do not believe there was any real connection between the Seattle strike and the strikes in Canada.

Mr. STEVENS: Oh yes there was, directly.

Mr. WOODSWORTH: I would admit that at that time there was a good deal of general unrest all over and there was a feeling after the war that we had come to the time when we should settle things on a new basis. The manufacturers and others were talking of reconstruction and the labour people were talking of reconstruction, only—I will admit this—that the word they most commonly used was "social" or "economic" revolution, which is a technical phrase in all socialist literature, and which means that since a hundred years ago we had an industrial revolution which changed production from individual to collective production, it had to be followed by another revolution, economic and social which would give democracy in industry. Does that answer the question?

Mr. STEVENS: No.

Mr. NICHOLSON: I am very much in the same position as my hon. friend from Vancouver Centre. I am prepared to accept the assurances of the hon. Minister of Justice that there are provisions in the Criminal Code that take care of the situation that this

enactment was designed to take care of, and that words and phrases in this enactment which were prepared perhaps hurriedly and which are too strong should be eliminated. For instance, in the very first paragraph the word "force", which is used in two places, could have very well be left out, and the clause would have carried identically the same meaning and served the same purpose. The positions of the labour organizations, and particularly the railway brotherhood, have been referred to, I would like to point out that the movement that this enactment was designed to correct had for its purpose the destruction of these very organizations. I am not going to follow my hon. friend from Winnipeg North Centre. I read into the record a couple of evenings ago a statement, in which it was clearly set out that the first purpose of that movement was the destruction of organized labour. Those who wanted to bring that about recognized that organized labour stood as the main barrier in their road to the progress they desired to make, and the whole movement, originating as it did in the western and northwestern United States and in western Canada was designed—for what? To seize the railways, to seize industry and municipal government, and eventually to seize the government of this country, following out their purpose. Now it is true the agitation has to some degree quieted down, if I may use that expression, but let us not lose sight of the fact that, although it has quieted down, it nevertheless exists. There are so-called Sunday schools in this country, in many towns in northern Ontario and in our cities. They are taking the boys and girls from these towns, wherever they can get them, into these so-called Sunday schools, to teach them the doctrine of the destruction of the present system of government in this country, and these organizations are being financed to a very considerable degree by the Third Internationale and the Soviets in Russia. My hon. friend has frequently referred to what the labour movement desires, and in that regard I take it he presumes to speak for the labour people in this country.

Mr. WOODSWORTH: No, I represent primarily a certain group in Winnipeg; I do not claim to speak for all the labour people.

Mr. NICHOLSON: I represent a certain group in one constituency, but my hon. friend the Minister of Justice referred to the Trades and Labour Congress, for which everyone, I think, who cares for well-ordered relations between all classes of people has the highest regard. Let us see what the president of the Trades and Labour Congress has to say with regard to this so-called labour movement represented by the Labour party. On the 9th of April, Mr. Tom Moore, whom we all know very well, made this statement:

> There is a trades union movement and a labour movement, both of which are distinct. The political movement, because it was the younger of the two, was courted by the communists, but the labour political party is in no way representative of organized labour in Canada.

Mr. WOODSWORTH: May I call attention to the fact that Mr. Tom Moore was commenting on the Canadian Labour Party, not on the Independent Labour Party of Manitoba?

The CHAIRMAN: At this time of the night I think we should come back to the clause under discussion.

Mr. NICHOLSON: I am endeavouring to point out some reasons why we should go a little slow and why I, while accepting the assurance of the Minister of Justice, want to make it clear that although labour organizations to some degree have objected to words and phrases in this act, its purpose was in protect the labour organizations themselves and through their representatives at the time this enactment was being put into the statutes of this country they approved every single action that was taken. That is my point.

Mr. LAPOINTE: They did not.

Mr. NICHOLSON: The official representatives of the labour organizations—

Mr. LAPOINTE: At the time they made representations before a committee of the House that was dealing with this matter that they were opposed to it. Mr. Moore said so at the following meeting of the Trades and Labour Congress.

Mr. NICHOLSON: I will accept what my hon. friend has said, but those of us who were in the House of Commons, as the Minister of Justice, was at the time these enactments were being put through, know there was very little time for representations to be made.

Mr. LAPOINTE: I know that.

Mr. NICHOLSON: I want to say, speaking with knowledge, that associated with those who were responsible for bringing this about were representatives at least of the railway brotherhoods of this country, in order to check not the strike but the incipient revolution that was taking place. I do not wish to

oppose the passage of this clause. I am accepting the assurance of the Minister of Justice, nevertheless we require on our statutes now, just as rigidly as we did then, laws that will prevent the dissemination of the kind of agitation that has for its purpose the advocacy of the use of force, that is going on quietly and that will break out the minute the opportunity comes. Let me say just what the hon. member for Vancouver Centre (Mr. Stevens) has said, that the danger in connection with repealing this legislation is that those people who have had some slight fear of this act will feel that they have now been given an opportunity to continue with the class of propaganda that they were disseminating before, and the same thing may break out again.

Mr. BIRD: Just in a few words I wish to associate myself with the members who have been single-handed in advocating this measure. It would be a pity for us to leave those gentlemen to fight this battle alone, because after all it is the battle of all of us. this measure which is giving us an amount of liberty which is long overdue. I totally dissociate myself from the sentiments as expressed by my hon. friends to the right. The regrettable thing about extremes is that one extreme begets another.

During war time there was a vast upheaval in people's ideas; democracy kicked over the traces, and there was an explosion here and there throughout the civilized world. Most people took it calmly because such things had happened before; but people of a certain timidity of disposition, of a certain conservative cast of mind, immediately became hysterical, went to the other extreme and wanted to divest the people of the liberties which they had. I thought we were so far removed from the disturbing scenes of war time and the aftermath of war as to be able to look at these things calmly, but I am afraid the hon. member for Vancouver Centre and the hon. member for East Algoma are still under the influence of that period. I was struck by the paralled which the hon. member for Toronto West Centre (Mr. Hocken) drew with the period just after the Napoleonic wars. He said: "In those times there was no international organization trying to overthrow governments and constitutions." But he was altogether wrong. At that time minds just like his were putting forward exactly the same plea that he has to-night, that we must curb liberty, the time-honoured liberty of the people, because they have conjured up some imaginary force that is undermining democracy.

[Mr. Nicholson.]

I call to mind an incident which illustrates my point. The government of that time in England actually hired spies to dog the steps of, not communists, not bolsheviks, but respectable and prominent citizens. I remember the story of one spy who had a big nose and who was detailed to watch the movement of no less persons than the poet Woodsworth and the poet Coleridge. One summer day these two innocent gentlemen were engaged in the open air in a discussion of the works of the philosopher Spinoza. The spy crept up close to them and heard them talk about Spinoza. He went right away to the authorities and said that those men were guilty, they were talking about "Spinozy."

You may read the records of that time and you will find that in England there were certain people who displayed the same hysteria, the same extremity of feeling, that has been manifested by our hon. friends to-night. They conjured up the same imaginary forces gnawing away at the foundations of society, and in every forward step of the slow advance of the people's liberties you have had unfortunate people of this extraordinary timidity of mind. Sometimes it is inherent; sometimes it is acquired through enjoying a position of special privilege—because the privileged classes have never taken kindly to revolutionary ideas; they have always tried to isolate them as fast as they have appeared, to wall them around, to put them behind bars. But they have never succeeded, because those ideas are essentially dynamic and sooner or later they burst forth again.

I stood up more particularly to put myself squarely alongside our friends who are advocating this measure of liberty, and I think the government can be congratulated on coming out straightforwardly and espousing it. After all they are doing justice to the principles of Liberalism for which they stand, as I understand its history and its meaning. In the last few days we have witnessed a deluge of contempt aimed at our hon. friends opposite from Winnipeg. I for one resolved that I would take the first opportunity of associating myself with those members of parliament. While they do not represent any well organized political force, they represent, after all, certain political ideas; and although I cannot associate myself with some of those ideas, yet I am a strong admirer of the position taken by these hon. members from Winnipeg. I believe they are the fore-runners of a host of men who will some day sit in this chamber and place the views of labour before parliament as they should be placed. I sometimes feel, when organized labour is

being attacked, that in fact some organized effort on the part of democracy is criticized. A good many of us in this group, in pressing the claims of organized farmers, have sometimes been classed as bolsheviks. This word is always dragged in when any sign of advancing liberty in seen. Drag in the word 'bolshevik", try to stigmatize any effort with the name Russian, and the thing is killed. That is the idea. Certain specific ideas aside, there is a strong feeling of affinity between the movement which I represent and this movement of labour as represented on that lone bench opposite; and personally, although I have nothing politically to gain thereby, I do not want any opportunity to pass without putting myself alongside these men who, I believe, in their own way and according to their own light, are fighting the age-long battle of liberty for the people.

Sir HENRY DRAYTON: Notwithstanding the remarks of the member for Nelson (Mr. Bird), I am not yet persuaded that the bill is entirely vicious. He has done his best to convey that impression to anyone who desires to approach the matter from a proper business and administrative point of view, but I am not yet convinced that it is so completely undesirable. I still have before me the sensible remarks of the Minister of Justice, and I prefer to remember them rather than allow myself to be altogether drawn aside from the proper consideration of the bill, as I should be if I attempted to follow the peregrinations of the hon. member for Nelson. By the way, that hon. gentleman strayed considerably from the bill and was not called to order, although my hon. friend (Mr. Nicholson) was, before he had gone half as far away from the subject.

Mr. BIRD: I was following the bear tracks of the hon. member's colleague (Mr. Stevens).

Mr. STEVENS: That hon. member will probably have something to say before the committee rises.

Sir HENRY DRAYTON: Because errors may have been made in the past is no reason why the matter should not be adjusted, but the minister will agree with me that the objection urged against the old legislation is to a large extent wholly unfounded. For example, the word "force", so greatly objected to in section 97A, would have to be read in conjunction with the words that follow, "violence or physical injury." It is real force which is condemned. The minister will agree with me further that there is nothing new in trying to prevent crime. Is there any doubt about that?

Mr. LAPOINTE: No.

Sir HENRY DRAYTON: Absolutely not, unless we find it in the mind of the hon. member for Nelson. Unless we accept his views we cannot see anything wrong in attempting to prevent crime. I entirely agree that if anyone thinks the operations of legitimate trades labour unions are imperilled by that section, then the section should be amended. But I must confess I am utterly at a loss to see what danger lurks in the words I have quoted. The other day when discussing a kindred subject, the amendment to the Immigration Act, the Minister of the Interior (Mr. Stewart) stated that all the provisions that were being deleted were immaterial; it was merely a question of procedure, all the offences being covered in the code. I understand from my hon. friend to-day that all changes which were being made in this bill were, again, changes in relation to procedure and did not affect the crimes involved. In his view, every offence which is covered by the sections we are now striking out is included elsewhere in the law as enacted in the code.

Mr. LAPOINTE: I think so.

Sir HENRY DRAYTON: Yes, but the other day when discussing the other bill my hon. friend interrupted the Minister of the Interior to say that not all of the offences would be retained.

Mr. LAPOINTE: I thought at the time he was making a mistake. Part II of the code was mentioned in the bill, and of course these two sections are in that part. That is what I meant. But so far as the offences themselves are concerned I still believe they come under the other sections as well.

Sir HENRY DRAYTON: I take it then, that we are not now declaring that force and sedition are not crimes, and that murder is merely a pleasant pastime. We were merely providing in the Immigration bill that as a matter of procedure people might not be sent out of the country without being first convicted.

Mr. LAPOINTE: They must be convicted.

Sir HENRY DRAYTON: So that the change made in the code is a mere matter of verbiage; it does not alter the existing law. Is not that true right through?

Mr. LAPOINTE: Absolutely.

Sir HENRY DRAYTON: In other words, no new offence is being created.

Mr. HAY: If we are to discuss the bill for the rest of the night I want to say a word or two, not from the constitutional view but from the point of view at least of a loyal citizen. Like the hon. member for Vancouver Centre (Mr. Stevens), I can see no good reason whatever, and certainly no good reason has been advanced by any hon. members who have spoken, why these sections of the Criminal Code should be repealed. It is not often that I take up the time of the House and I trust that the committee will bear with me while I quote these sections. The matter is more important than many of us realize and we should be careful before altering the code or substituting for the existing sections any others that may be proposed. The first clause quoted by the hon. member for Vancouver Centre, 97A, reads:

(1) Any association, organization, society or corporation, whose professed purpose or one of whose purposes is to bring about any governmental, industrial or economic change within Canada, by use of force, violence or physical injury to person or property, or by threats of such injury, or which teaches, advocates, advises or defends the use of force, violence, terrorism, or physical injury to person or property, or threats of such injury, in order to accomplish such change, or for any other purpose, or which shall by any means prosecute or pursue such purpose or professed purpose, or shall so teach, advocate, advise or defend, shall be an unlawful association.

I cannot see why that subsection should be removed from the statutes. I think it is perfectly proper, for it is a safeguard to constituted authority. I would also quote section 97B, and ask the Minister of Justice to give some reason for its repeal:

(1) Any person who prints, publishes, edits, issues, circulates, sells, or offers for sale or distribution any book, newspaper, periodical, pamphlet, picture, paper, circular, card, letter, writing, print, publication or document of any kind, in which is taught, advocated, advised or defended, or who shall in any manner teach, advocate, or advise or defend the use, without authority of law, of force, violence, terrorism, or physical injury to person or property, or threats of such injury, as a means of accomplishing any governmental, industrial or economic change, or otherwise, shall be guilty of an offence and liable to imprisonment for not more than twenty years.

I cannot imagine why the hon. member for Winnipeg North Centre (Mr. Woodsworth) should advocate the repeal of that provision. To my mind it is a perfectly reasonable section and should not be repealed. There is no doubt that some changes might be made in the act so long as the sections to which I have referred are not altered.

A minute ago the hon. Minister of Justice said that the repeal of these sections was not advocated by extremists. I must disagree with him, because from my own personal experience I am satisfied that he is mistaken. The hon. member for Winnipeg South Centre (Mr. Kennedy) read an article last night, which was published in one of the Winnipeg papers shortly after the strike, stating that the hon. member for North Winnipeg (Mr. Heaps), who was an alderman at that time, acted as chairman of a meeting in Winnipeg at which the Union Jack was deposited under the rostrum and the red flag hoisted in its stead. Now, Mr. Chairman, I believe anyone who could be a party to such a proceeding is an extremist. And the hon. gentleman is one of those advocating the repeal of these sections. Therefore when the Minister of Justice says this amendment is not advocated by extremists, I cannot agree with him. In this connection may I read a report from the Manitoba Free Press of March 1, 1921, of a meeting held in the city of Winnipeg? I am sure that after hearing what was said at that meeting the Minister of Justice will agree with me that the speaker referred to was an extremist. This is the report:

Before W. A. Pritchard had launched upon his address, a group in the audience struck up the strains of the "Red Flag", the rest of the audience rising and joining in the song.

The hon. member for Winnipeg North Centre said he was opposed to force, and yet these are the words used by Mr. Pritchard, a gentleman closely associated with him:

"Quite a lot of water has passed under the bridge since the benign old man said 'One year'" was Mr. Pritchard's opening remark. "The scrap of 1919 was of a considerable magnitude, and if I read the signs of to-night, there seem to be more scraps to come. I want to tell you that the real enemies of labour are the traitors within our ranks. Declare war upon these skunks and tell them that it is a war to the knife, and knife to the hilt. When we kill them we will dispose of the finest weapon that the master class has ever employed."

Now, surely the Minister of Justice will agree with me that some at least of those who are advocating the repeal of these two sections are extremists of the very worst kind. My hon. friend from Nelson (Mr. Bird) a short time ago said he was proud to line himself up beside these men who have been fighting "the age-long battle for labour and liberty." What kind of liberty were they asking for? What kind of liberty do these sections curb? Simply the liberty to destroy That is the purpose of the law which it is sought to repeal. As representatives of the Canadian people are we willing to repeal this law which safeguards the loyal citizens of this Dominion? While I would not object to the law being amended in some form, I believe that these two sections should stand on the statute book.

Mr. KENNEDY (Winnipeg): Mr. Chairman, I do not wish to take exception to the contention of the hon. member for Springfield (Mr. Hay) that some of those supporting this bill are extremists; I would simply point out that they are not being tried here to-night. I am in favour of the principle that the fewer restrictive laws the better. I have the assurance of the Minister of Justice —and I have his permission so to state to the House—that the sections of the Criminal Code as well as the common law already contain provisions dealing with just such offences as are provided against by the particular sections which are sought to be repealed by this bill. With that assurance I am personally quite satisfied to support the bill, on the ground that as far as possible we should cut out unnecessarily restrictive laws or regulations, having in mind that proceeding along that line we tend to extend throughout the country greater harmony and good feeling.

Section agreed to.

On section 2—Intentions not seditious.

The CHAIRMAN: Shall the clause carry?

Some hon. MEMBERS: Carried.

Sir HENRY DRAYTON: Does my hon. friend think we are too sleepy to consider properly section 2?

Mr. GARLAND (Bow River): Speak for yourself.

Sir HENRY DRAYTON: I remember a very eloquent appeal made not very long ago by the hon. member who has just spoken on the question of late sittings and the like. But if he wants to sit up late to-night he might again speak for himself. In the meantime the usual practice has been to adjourn at about 11.30; if the government say we are going to sit to other hours, all right; we will know.

Mr. LAPOINTE: I really beseech my hon. friend to be lenient. Why not get this bill through? The really contentious clause has been adopted now, I think, and the remainder will be very short.

Some hon. MEMBERS: Hear, hear.

Sir HENRY DRAYTON: You know it is sometimes very hard to understand my hon. friend from the remarks of his supporters, with their hear, hears.

Mr. LAPOINTE: I want to be judged on my performance.

Sir HENRY DRAYTON: I think my hon. friend's performance is good. Let us finish the bill and go home.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—Right of appeal of Attorney General.

Mr. LAPOINTE: This passed the House last year.

Section agreed to.

On section 6—Scrip frauds.

Sir HENRY DRAYTON: Why were there no prosecutions under this?

Mr. LAPOINTE: As my hon. friend remembers, we passed that clause last year and it was rejected by the Senate. The right hon. leader of the opposition has agreed to its adoption.

Sir HENRY DRAYTON: We were anxious that that should go on.

Mr. LAPOINTE: Yes, and I inserted it in my bill to give the hon. member for Peace River a chance.

Section agreed to.

Bill reported, read the third time and passed.

On motion of Mr. Mackenzie King the House adjourned at 11.58 p.m.

Monday, June 7, 1926.

The House met at two o'clock.

RAILWAY BELT WATER ACT AMENDMENT

Hon. CHARLES STEWART (Edmonton, Minister of the Interior) moved for leave to introduce Bill No. 171 to amend the Railway Belt Water Act.

Sir HENRY DRAYTON: Explain.

Mr. STEWART (Edmonton): In 1910 there was a conflict in the province of British Columbia as to who had jurisdiction in the railway belt with respect to water rights. That was settled by an appeal to the Privy Council, and in 1913 legislation was passed by this parliament, bringing the whole matter into conformity and empowering the province of British Columbia to supervise the granting of these rights. Since that time amendments have been made to the British Columbia Water Act. One of the provisions

of the Railway Belt Water Act was that water rights in the railway belt could be placed by order in council under provincial administration. That situation prevailed until 1924, when British Columbia passed a consolidating act, and all we are doing now is to bring our legislation into conformity with the legislation of that province and making it retroactive in order to cover some omissions that may have occurred between the passing of the amending legislation and the passing of the order in council by the federal government.

Sir HENRY DRAYTON: There is no change really in legal status or jurisdiction?

Mr. STEWART (Edmonton): No.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS

Bill No. 155, from the Senate, respecting Dominion Electric Protection Company.—Mr. Marcil.

Bill No. 156, from the Senate, for the relief of Samuel Wexler.—Mr. McClenaghan.

Bill No. 157, from the Senate, for the relief of Samuel Lehman Stouffer.—Mr. McClenaghan.

Bill No. 158, from the Senate, for the relief of Robert Douglas Ian McLeod.—Sir Henry Drayton.

Bill No. 159, from the Senate, for the relief of Mary Margaret McColgan Vinnette Graydon.—Mr. Hocken.

Bill No. 160, from the Senate, for the relief of Alexander Charles Boyd.—Mr. Ladner.

Bill No. 161, from the Senate, for the relief of Charles Day.—Mr. Baker.

Bill No. 162, from the Senate, for the relief of Albert Wilson Denning.—Mr. Lennox.

Bill No. 163, from the Senate, for the relief of Margaret Lambert.—Mr. McClenaghan.

Bill No. 164, from the Senate, for the relief of Jessie Patterson.—Mr. Bell (Hamilton West).

Bill No. 165, from the Senate, for the relief of Ernest Ashton.—Sir Henry Drayton.

Bill No. 166, from the Senate, for the relief of Evelyn Christine Stewart.—Mr. Maclean (York).

Bill No. 167, from the Senate for the relief of Ernest Love.—Mr. Speakman.

Bill No. 168, from the Senate, for the relief of Charles Stanley Reed Riches.—Mr. McClenaghan.

Bill No. 169, from the Senate, for the relief of Mona Aileen Davies.—Mr. Ryckman.

Bill No. 170, from the Senate, for the relief of Elizabeth Wright.—Mr. McClenaghan.

[Mr. C. A. Stewart.]

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PERMIT SYSTEM ON RAILWAYS

Hon. Mr. STEVENS:

1. Under what authority do railway companies operate what is known as the "permit system" on all grains routed to the ports of the Pacific coast?

2. Is the government aware that the existing elevator facilities at the port of Vancouver are not being used to anything approaching full capacity?

3. In the opinion of the government, are the reasons advanced for the issuing of "permits" and the restriction of export, sufficiently well established?

4. Has the government received representations from Pacific coast grain dealers and others that the "permit system" militates against the free movement of grain via Pacific coast ports, and also prevents the establishment of a stable cash grain market at the coast?

Hon. Mr. LAPOINTE:

1. The powers of the railway company under the Railway Act.

2. The government is aware that they are not being used to full capacity.

3. No information.

4. Answered by No. 3.

VANCOUVER PUBLIC ELEVATORS

Mr. LADNER:

1. Is the government considering the leasing or selling of any of the public elevators at Vancouver to what is commonly known as the wheat pool, or have any representations or applications with respect to the same been made by the said wheat pool or any one on their behalf?

2. If so, what are the terms of said representations or applications?

3. Has the Vancouver harbour board reported to the government in the matter?

4. Was their report unanimous?

5. What are the grounds of the opposition of said Vancouver harbour commissioners?

6. If the government is considering a lease or sale of any of the public elevators at Vancouver, has the government by advertising for tenders or otherwise afforded an opportunity to the public or other firms to submit offers?

7. Was the production of grain in Alberta last year over 110,000,000 bushels and in Saskatchewan, west of Maple Creek, over 75,000,000 all of which can and should be shipped via Vancouver if the train facilities there were sufficient?

8. Did the total elevator service at Vancouver last year handle only 50,000,000 bushels of grain or thereabouts?

9. Is the policy of the government to increase the elevator facilities at Vancouver or decrease them by leasing our public elevators?

10. Is the government aware that the cash grain market (established at Vancouver as a result of demands from Alberta farmers) cannot function properly with less than the existing capacity of "public" storage?

11. Is it a fact that the Spillers elevator hereto operated as a "public" elevator will almost certainly be operated as a "private" elevator under its new ownership?

12. Do public elevators at Vancouver act as a protection for independent exporters, shippers and farmers and would elevator No. 2 be hopelessly inadequate for this purpose?

13. Are the Vancouver harbour commissioners' elevators at Vancouver self-supporting and have all fixed charges been paid by the port?

14. Is it the intention of the government to lease the grain elevators at the port of Quebec and have said elevators been self-suppirting and have all the fixed charges in respect to the same been paid?

Hon. Mr. CARDIN:

1. Verbal representations on behalf of the wheat pool have been made respecting the leasing of one of the elevators at Vancouver.

2. Generally the terms of the representations or applications were a request for the leasing of elevator No. 1 operated by the Vancouver harbour commission.

3. The chairman has reported on behalf of the board.

4. Answered by Number 3.

5. The view of the board as represented by the chairman is that the interests of the wheat pool will for the present be well served by the present system of operation without in any way impairing the service available to the general public using the harbour facilities.

6. Should the commissioners with the approval of the government, decide at any time to lease any of the public elevators at Vancouver, the matter will receive consideration.

7. The total estimated production of grain in Alberta in 1925 was 195,277,000 bushels. The available statistics for Saskatchewan do not disclose the production of grain in that province west of Maple Creek.

8. The total grain received at elevators during the year 1925, was 33,512,302 bushels.

9. It is not the policy of the government to decrease the elevator facilities at Vancouver.

10. The government is aware that the successful functioning of the cash grain market at Vancouver in relation to the existing elevator capacity depends on the quantity of grain that may be offered for shipment through that port.

11. The government has no information.

12. The elevators at Vancouver were provided to accommodate in so far as their capacity will permit the exporters, shippers and producers of grain. Whether elevator No. 2 would be hopelessly inadequate for that purpose would depend on the quantity of grain that would be offered by exporters, shippers and producers.

13. Since the commencement of operations by the Vancouver harbour commissioners, the elevators have been self-supporting. All fixed charges together with charges for sinking fund have been paid by the commission.

14. The government has not considered the leasing of the grain elevator at the port of Quebec. The said elevator has not been self-supporting, nor have all the fixed charges in respect to the same been paid by the Quebec harbour commissioners.

AUTOMOBILE SEIZURES

Mr. DOUCET:

1. How many automobiles has the Department of Customs under seizure at present?

2. How many automobiles smuggled into Canada have been seized by the Department of Customs and are now in its possession?

3. How many of said automobiles have been claimed by insurance companies under the plea that they had been stolen previous to crossing the border?

4. Why does the Department of Customs refuse to return said automobiles to the owners after their claims have been clearly proven?

5. Is there any agreement between the Canadian government and the United States for the recovery of said automobiles?

6. If so, what is this agreement and when was it concluded?

Hon. Mr. BOIVIN:

1. 289.

2. 161.

3. 25.

4. Department does not refuse to return said automobiles to the owners after their claims have been clearly proven. When said automobiles have been forfeited to the crown release is offered pending decision and conditional on exportation to the United States on payment of expenses of seizure and keep. Where automobiles have not been forfeited by decision the claimants are obliged in addition to file relinquishment of claim of person in whose possession the car was found at time of seizure.

5. Yes.

6. Article III of treaty for the suppression of smuggling operations along the international boundary between the Dominion of Canada and the United States and assisting in the arrest and prosecution of persons violating the narcotic laws of either government and for kindred purposes, ratified 17th July, 1925.

INTERNATIONAL PARLIAMENTARY COMMERCIAL CONFERENCE

Mr. CHURCH:

1. Why is it that Canada alone among all the overseas dominions, or countries of the world, is unrepresented at the International Parliamentary Commercial Conference now going on in England?

2. Is the government aware that Australia and New Zealand have three representatives, Africa one, and India three, and Canada, none, and that some thirty-two other countries are represented with a view to drawing world's trade?

3. What is, or will be, done in the matter?

Right Hon. Mr. MACKENZIE KING:

1. This conference is an unofficial gathering in which members of parliament of any country take part in their personal capacity and at their own expense. It is not a conference of government and the Canadian government has not therefore required to consider representation.

2. The government has no official knowledge as to the number of members of parliament of various countries who have taken part in the conference, which is held not for the purpose of drawing world's trade but to discuss various phases of commercial legislation of general interest.

3. Answered by No. 1 and 2.

TORONTO HARBOUR IMPROVEMENTS

Mr. SPENCE (Maple Creek):

How much money has been expended by the Dominion government on harbour improvements at Toronto since 1911, including grants to the harbour board?

Hon. Mr. LAPOINTE: From 1st April, 1911, to 31st March, 1926, $9,260,857.93. No grants issued to harbour board.

DOMINION REVENUE

Mr. DOUCET:

What were the revenues for the years ending March 31, 1921, 1922, 1923, 1924, 1925 and 1926, respectively, from the following sources: Sales tax; stamp tax, income tax; interest on investments and balances; excise; liquor and alcohol; other sources under excise tax; revenues from the postal service throughout the country; revenues from custom duties; total revenues from all sources?

Hon. Mr. ROBB:

ORDINARY REVENUE

——	1920–21	1921–22	1922–23	1923–24	1924–25	1925–26
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Customs Import Duties—						
Ale, beer, porter, etc	27,203 40	19,551 00	22,736 28	40,462 38	38,480 80	63,903 84
Spirits and wines	11,280,565 02	10,554,524 31	12,265,457 79	13,031,515 55	12,030,754 86	14,542,491 11
Other sources	168,387,368 90	110,913,318 59	121,515,176 05	122,050,296 41	108,151,590 47	129,322,698 45
Gross revenue	179,695,137 32	121,487,393 90	133,803,370 12	135,122,274 34	120,220,826 13	143,929,093 40
Less refunds and drawbacks	16,428,333 37	15,800,748 80	15,746,900 72	13,621,475 85	12,073,954 62	16,573,949 90
Net revenue	163,266,803 95	105,686,645 10	118,056,469 40	121,500,798 49	108,146,871 51	127,355,143 50
Excise duties——						
Spirits	5,757,463 31	6,224,060 52	7,985,808 57	9,367,887 23	9,389,535 98	10,928,078 03
Malt liquor	84,301 32	58,279 10	62,930 70	85,073 61	106,233 72	108,637 50
Malt	2,468,475 53	2,628,995 28	2,549,600 72	3,278,407 27	3,539,020 66	3,839,173 67
Other excise duties	28,843,343 72	27,994,776 69	25,666,605 04	25,874,941 51	25,978,389 60	28,492,991 44
Gross revenue	37,153,583 88	36,906,111 59	36,264,945 03	38,606,309 62	39,013,179 96	43,368,880 64
Less refunds	35,217 19	150,905 03	502,948 58	424,562 29	409,690 73	445,331 61
Net revenue	37,118,366 69	36,755,206 56	35,761,996 45	38,181,747 33	38,603,489 23	42,923,549 03
Excise taxes—						
Ale, beer, whiskey, wines, etc	16,699,956 71	3,276,895 56	2,776,729 80	4,397,315 89	4,748,100 62	5,582,764 02
Stamps, including embossed cheques	7,022,949 19	2,983,384 50	5,535,190 93	8,771,285 15	9,325,887 95	10,051,116 94
Sales	38,114,538 84	61,518,751 13	91,262,254 13	100,990,076 80	66,707,369 96	74,014,076 44
Other sources	17,480,560 12	6,123,582 66	8,415,717 75	9,510,168 75	8,549,479 34	9,566,391 66
Gross revenue	79,318,004 86	73,902,613 85	107,989,892 61	123,668,846 59	89,330,837 87	99,314,349 05
Less refunds	514,905 68	246,125 02	1,507,174 53	2,992,470 70	3,520,120 45	1,117,581 35
Net revenue	78,803,099 18	73,656,488 83	106,482,718 08	120,676,375 89	85,810,717 42	98,096,767 71
Income tax	46,381,824 31	78,684,354 80	59,711,538 37	54,204,027 99	56,248,042 82	55,572,547 93
Business profits tax	40,841,401,25	22,815,666 58	13,031,461 80	4,752,680 89	2,704,427 37	1,175,138 34
Interest on investments	24,815,246 28	21,961,512 64	16,465,302 91	11,916,479 11	11,332,328 50	8,535,085 77
Post Office	26,706,198 46	26,402,299 15	29,016,771 02	28,865,374 25	28,782,535 52	30,334,575 02
Other sources	16,453,596 48	15,990,213 33	16,088,641 97	16,740,198 27	15,206,066 88	16,730,935 06
Total revenue	434,386,536 60	381,952,386 99	394,614,900 00	396,837,682 22	346,834,479 25	380,723,742 36

* Books not yet finally closed for the year.

ACCREDITED HERDS

Mr. DOUCET:

1. How many veterinary inspectors have charge of the test of accredited herds in each province?
2. What number of cattle passed the test in each province during this last year?
3. What proportion among those that have shown a reaction after the first test and were not slaughtered, have after reacted at the second test?
4. Among the reacting and slaughtered cattle what proportion has been considered as affected with tuberculosis by the inspector of carcasses?

Hon. Mr. MOTHERWELL:

1. In addition to other duties, the following inspectors carry on tuberculin testing under the accredited herd plan:

Prince Edward Island	2
Nova Scotia	1
New Brunswick	3
Quebec	18
Ontario	32
Manitoba	21
Saskatchewan	14
Alberta	15
British Columbia	10

2.

Prince Edward Island	1,701
Nova Scotia	1,831
New Brunswick	2,298
Quebec	46,582
Ontario	55,773
Manitoba	13,034
Saskatchewan	5,755
Alberta	3,885
British Columbia	2,748

3. None. Reactors are not retested.
4. 91.5 per cent.

CARLETON POINT LIGHTHOUSE KEEPER

Mr. DOUCET:

1. Has Mr. Louis Bujold resigned his position as lighthouse keeper at Carleton Point, Quebec, and when?
2. If so, has his successor been appointed, and whom?
3. Was such appointment made by the Civil Service Commission and when?
4. Were returned men applicants for that position?

Hon. Mr. CARDIN:

1. No.
2. Answered by No. 1.
3 Answered by No. 1.
4 Answered by No. 1.

PRINCE RUPERT PUBLIC ELEVATOR

Hon. Mr. MANION:

1. Will the government elevator at Prince Rupert which has been leased to the wheat pool, be operated as a mixing house?
2. Will the government table the agreement under which the elevator at Prince Rupert has been leased to the wheat pool?

[Mr. Robb.]

Hon. Mr. ROBB:

1. The government elevator at Prince Rupert, which as been leased to the wheat pool, will be operated in accordance with the agreement entered into on the 31st day of March, 1926, a copy of which will be laid on the table of the House.
2. Answered by No. 1.

HOME BANK DEPOSITORS

Mr. SPENCER:

1. What amount has been paid to Home Bank depositors (having accounts over $500) under the Home Bank Credit Relief Act, 1925?
2. Has the total money voted to the relief of the Home Bank depositors been spent?
3. If not, what amount is still outstanding?
4. How many Home Bank depositors with accounts of less than $500 received relief?
5. How many Home Bank depositors with accounts of more than $500 have received relief, and what is the aggregate amount paid out by the government with reference to questions Nos. 4 and 5?

Hon. Mr. ROBB:

1. Paid to depositors with claims over $500, $1,334,623.46.
2. No.
3 Balance of vote available for payment, $754,821.94.
4. 23,277.
5. 2,984; aggregate paid to depositors, $2,227,203.96.

NOTE.—The figures given above as to amount and number of payments are those reported by the liquidators according to their books as at May 31, 1926.

KINGSVILLE HARBOUR MASTER

Mr. GOTT:

1. Who was the harbour master at port of Kingsville, Ontario, in 1925?
2. Who occupies the position of harbour master at port of Kingsville, Ontario, now?
3. When was he appointed?
4. Under whose recommendation was he appointed?
5. What salary, wages, or fees are made in connection with the position?
6. How many applications were made for the position when it was last filled?

Hon. Mr. CARDIN:

1. There was no harbour master at the port of Kingsville, Ontario, in 1925.
2. Nobody.
3, 4, 5, and 6. Answered by Noes. 1 and 2.

LEAMINGTON HARBOUR IMPROVEMENTS

Mr. GOTT:

1. Has the government under consideration the expenditure of any moneys for harbour or pier improvements, or breakwater construction for port at Leamington, Ontario?
2. If so, what is the initial expenditure?

Hon. Mr. KING (Kootenay): The only expenditure under consideration at present is $1,100, being the estimated cost of repairs to existing structures.

PELEE ISLAND WHARF

Mr. GOTT:

1. How much money was expended in the construction of the wharf at Pelee island, Ontario, during the year 1925?
2. Under whose supervision was the work carried on?
3. Was Mr. Norman McCormick engaged in any capacity with construction work? If so, in what capacity?
4. What rate of wages did he draw, and how long was he employed?
5. Were any supplies purchased from Mr. Norman McCormick, or through him?
6. If so, to what extent was purchase made?
7. Were any purchases of any supplies made from Mr. Ralph Harris, either direct or indirect?
8. If so, what supplies?
9. How much was expended?
10. What was the total cost of the construction of the wharf or pier at Pelee island?
11. Has there been any complaint that the work is unsatisfactory?
12. If so, what steps has the government taken in the matter?

Hon. Mr. KING (Kootenay):

1. $27,970.49 for construction of extension to west pier.

2 and 3. Work supervised by Norman McCormick, inspector of construction under the direction of district engineer H. B. R. Craig.

4. (a) $5 per day. (b) May 4 to September 13, 1925.

5, 6, 7, 8 and 9.—No information as contractor supplied all materials.

10. $75,704.71 from 1908-1926.

11. No.

12. Answered by No. 11.

PELEE ISLAND STEAMSHIP SERVICE

Mr. GOTT:

1. What subsidy is granted to the steamer Pelee Island, or the company operating the steamer Pelee Island, which plies between Kingsville, Leamington and Pelee Island, Ontario, and Sandusky, Ohio?
2. When was the first subsidy granted, and how much per year?
3. What increases have been made from time to time, and when were they made?
4. Why is a subsidy granted, and what is it supposed to be applied on?
5. Has there been an investigation made as to whether the people of Pelee island benefit from the subsidy, or whether private individuals reap discriminating advantages?
6. If discrimination was ascertained from investigation, what would be the attitude of the government?
7. Would they, or could they compel lower fares and cheaper rates, or would they be inclined to decrease the subsidy?
8. How many months per year is the steamer supposed to operate to obtain full subsidy?
9. Is there a subsidy granted for winter mail service to Pelee island? If so, how much and to whom?
10. How does it compare with boat subsidy?
11. What company operates the steamer Pelee Island?
12. To whom is the subsidy paid?
13. What kind of company operates the steamer Pelee Island?
14. Has the department any record of dividends paid in the years 1923, 1924, and 1925, by said company?
15. If not, could some information be readily obtained?
16. Has there been any complaint from residents of Pelee island, to the effect that there has been discrimination?
17. If so, by whom, when were they made, and what action has been or will be taken by the department?

Hon. Mr. LAPOINTE:

1. The name of the steamer on this service is Pelee, not Pelee Island. The subsidy for the year ending March 31, 1926, was $11,000. No contract has yet been entered into for 1926-27, but the estimates for this year contain a vote of $9,000 for this service.

2. The first subsidy for a service on this route was $1 500 per annum and was granted during the fiscal year 1906-7.

3. The subsidy was increased as follows: 1909-10, $5,000; 1914-15, $8,000; 1922-23, $11,000.

4. The subsidy is granted to enable a steamship service to be operated between Pelee island and the mainland for the transportation of mails, passengers and freight.

5. No information.

6 and 7. No discrimination is permitted on any of the steamship services subsidized by the government.

8. Eight months.

9. A semi-weekly winter mail service was performed during the season just ended by Mr. Guy McCormick at a cost of $2,000 per season, under a temporary agreement pending the awarding of a regular contract for which public tenders are at present being invited.

10. No information.

11. The Windsor & Pelee Island Steamship Company, Limited.

12. The Windsor & Pelee Island Steamship Company, Limited.

13. A steamship company.

14. No information.

15. Under the terms of the contract, the contractors are called on to furnish to the government such documents, information and evidence as may be required to show the volume, extent and value of the trade carried on by the subsidized steamer.

16. No.

17. Answered by No. 16.

HARROW EXPERIMENTAL FARM

Mr. GOTT:

1. What was the total cost of operating the Harrow, Ontario, experimental farm, for the year 1925?
2. What is the total amount expended up to date on the Harrow experimental farm?
3. How many people are engaged on the farm?
4. From whom was the land purchased?
5. How many acres, and at how much per acre?
6. Who are employed on the farm at the present time?
7. What salaries do they draw?
8. Who is the superintendent of the farm, and what salary is paid him?

Hon. Mr. MOTHERWELL:

1. Year 1925-26, $20,907.91.
2. To March 31, 1926, $224,105.88, including purchase price, all capital expenditures, buildings, operating and experimental costs.
3. 14.
4. A. R. Ferris, Kingsville, Ontario.
5. 198.3 acres at $175 per acre. $35,000.

6 and 7: D. D. Digges (under retirement), superintendent, $2,700; O. G. Williams, assistant to superintendent, $1,740; E. A. Moore, farm foreman, $1,560; F. Dimmock, assistant Agrostologist, $2,160; J. M. Page, stenographer, $1,260; Roy Wilson, teamster, 30 cents per hour; Cyrenius Hoffman, teamster, 30 cents per hour; Sam Woodiwiss, teamster, 30 cents per hour; Harold Woodiwiss, labourer, 30 cents per hour; Arthur Fox, teamster, 30 cents per hour; Eugene Hoffman, labourer, 30 cents per hour; Harry Heaton, labourer, 30 cents per hour; Arthur Horton, teamster, 30 cents per hour; E. J. Tofflemire, carpenter, 40 cents per hour.

8. D. D. Digges (under retirement leave), $2,700.

KINGSVILLE HARBOUR DREDGING

Mr. GOTT:

1. Is dredging at Kingsville harbour, Ontario, completed, as far as is known, for the year 1926?
2. What dredge or tug was used in operations?
3. Under whose supervision was the work done?
4. How many days' work were required to complete the job?
5. Did the person in charge of operations have orders to purchase provisions from any certain merchant in the town of Kingsville? If so, whom?
6. By whom were orders issued, and through whose recommendations?
7. Whose recommendations are accepted from Kingsville in advisement to the government generally?

Hon. Mr. KING (Kootenay):

1. No. Dredging now under way.
2. Departmental dredge "Q. & R. No. 1" and tug "Peel" are being used in connection with this work.
3. District engineer H. B. R. Craig.

[Mr. Lapointe.]

4. Dredging at Kingsville commenced on May 7, 1926, and it is expected that same will be completed early in the week of June 14.
5. No.
6. Answered by No. 5.
7. Qualified government officials.

TARIFF ADVISORY BOARD

Mr. SPENCE (Maple Creek):

Has any provision been made to secure a complete record of the proceedings of the tariff board?

Hon. Mr. ROBB: A synopsis of all proceedings is kept in the form of minutes. Interested parties are invited to make their statements in writing.

QUESTION PASSED AS ORDER FOR RETURN

PUBLIC PRINTING

Mr. DOUCET:

What was the amount paid by the government for public printing aside from that done by the printing bureau, for the fiscal years 1922-23, 1923-24, 1924-25, 1925-26?

UNOPPOSED MOTIONS FOR PAPERS

EDMONTON INSPECTOR OF POSTAL SERVICE

Mr. BURY:

For a copy of all correspondence, letters and other documents and communications passed between the Post Office Department and the Civil Service Commission, or between any of the postal officials at Edmonton or Calgary and the said department, or between any of the said postal officials and the Civil Service Commission, relating to the recent appointment of an inspector of postal service at Edmonton, Alberta, including all ratings and reports made or given upon competitors, respectively, for the said appointment, in respect of length and nature of service, seniority, standing, efficiency and fitness, or other respect whatsoever.

SWEDE CREEK EXPERIMENTAL STATION

Mr. BLACK (Yukon):

For a copy of all correspondence, petitions and communications in the possession of the government or any department or official thereof concerning the discontinuance of the experimental agricultural station heretofore conducted by the government at Swede Creek in Yukon Territory.

REVELSTOKE NATIONAL PARK

Mr. ESLING:

For a copy of all letters, telegrams, correspondence and other documents exchanged between any citizen or official of British Columbia and the Department of the Interior, in connection with the position of superintendent or with the administration of Revelstoke national park, since January 1, 1925.

CIVIL SERVICE SUPERANNUATION

On the Orders of the Day:

Hon. H. H. STEVENS (Vancouver Centre): I rise to ask the Prime Minister again in regard to the civil service and that important matter, the Superannuation Act. There are many civil servants who do not now come under the Superannuation Act although the time for making election expires in July of this year, and they are exceedingly anxious that the time limit should be extended for another year to give them an opportunity to elect to come under the provisions of the Act; or, in the event of the Civil Service Act itself being amended, as a result of the report now under consideration, they might not have to elect. I should like to ask the Prime Minister whether the one or the other, that is, the Civil Service Act and the whole problem of the civil service should be settled, which I apprehend may be too large an order at this late date of the session, or that the Superannuation Act should be extended. I have a resolution from the amalgamated civil servants, signed by Mr. Baker, one of the first national vice-presidents. I might read it in support of this. The resolution reads:

> That we demand of the government the immediate completion of the personnel of the Civil Service Commission, and that a satisfactory revision of the salaries of civil servants be made before the end of the present session of parliament with increases made retroactive to April 1, 1924.

I realize that the situation is complex, but I can assure the government that I am bringing this matter up in good faith on behalf of several groups of civil servants who are affected by the present superannuation provisions. I urge the desirability of extending the time under the act to 1927 and, if possible, that the important question of a permanent salary revision be disposed of.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to have an opportunity of conferring with my colleague the Minister of Finance (Mr. Robb) before committing the government on the question. I would point out however that the time has already been extended by a year, at least once, so that civil servants have had two years within which to decide whether or not they wish to avail themselves of the provisions of the act. It seems strange that they should be unable to reach a decision in the matter. However, I will undertake to see that the representations which the hon. member has made are carefully looked into.

Mr. STEVENS: I am aware that in rising to speak again I am trespassing somewhat on the rules, but I am sure, Mr. Speaker, that in view of the importance of the matter the House will bear with me. Without going into details I may observe that there are certain groups of civil servants who do not come under the act at all, and who have asked to be given that privilege. One of these groups includes, for instance, Income Tax employees, and there are the employees mentioned by my hon. friend (Mr. Manion)—the weighers. This is a very important question which vitally affects some who cannot come under the act. I really think the wisest course would be to extend until 1927 the privilege of election and in the meantime properly amend the Civil Service Act. I am neither criticizing nor blaming the government, for I realize that this is a large and intricate question and one that must be carefully considered.

Mr. MACKENZIE KING: The Minister of Finance has just handed me a report on the matter submitted to him by the Superintendent of Insurance. I might read for the information of my hon. friend one paragraph which bears upon the point he has raised:

> I think the recommendation to the government should be that the time be not further extended, or if at all, for a period not exceeding three months, that the act be amended as heretofore suggested in order to cover causes of obvious omissions in the original act, and that no further enlargement or increase in benefits be considered until after the period for election has expired and the full effect of the transfers and appointments up to that date has been ascertained.

I think it well to put that expression of view on record.

Mr. STEVENS: I would call the attention of the Prime Minister to the point in that letter which suggests that the act be amended. If the government is prepared to deal with the whole question, the recommendation of the superintendent is sound.

Mr. WOODSWORTH: Can the Prime Minister give the House an assurance that the appointments to the Civil Service Commission will be made before prorogation this session?

Mr. MACKENZIE KING: The government is anxious, in whatever appointment it makes to the Civil Service Commission, to secure persons whose suitability for the post will commend itself to the people of the country. It is not easy to secure such a person to fill a position on the Civil Service Commission, and I may frankly admit to my

hon. friend that it may be necessary for the government to ask parliament to amend the Civil Service Act in order to facilitate the appointment of the type of man who will be regarded as well qualified to fill this position of great responsibility. The original act provided that the commissioners should be appointed for life, but subsequent appointments were limited to ten years, and there is no provision for a pension at the end of that time. The position carries with it a salary of $6,000 per annum. It is difficult to induce an individual of the standing and personality the government is seeking, to assume the position at a salary of $6,000 for ten years in the absence of any provision for a pension subsequently. The government is considering the advisability of asking parliament to provide for a larger salary and to arrange, if possible, for a pension in the event of the position not being made permanent. I emphasize the desire of the government to appoint as commissioners only such persons as will readily commend themselves to the judgment of the country, and naturally it will require some time to secure the right individual or individuals. My colleague the Minister of Justice (Mr. Lapointe) reminds me that at the moment the service is not being embarrassed inasmuch as the Department of Justice has given a ruling that the chairman of the Civil Service Commission has full power to act for the commission as a whole. It has been suggested that the commission might be confined to one individual. We shall be giving that phase of the matter a trial while we are endeavouring to secure the other two officials.

LANDS SOLD TO SOLDIER SETTLEMENT BOARD

On the Orders of the Day:

Mr. J. L. BROWN (Lisgar): I would call the attention of the Minister of the Interior (Mr. Stewart, Edmonton) to question No. 2 which has been on the order paper for some time, the answer to which I have reason to believe is available.

Hon. CHARLES STEWART (Edmonton, Minister of the Interior): I have on my desk a note from the chairman of the Soldier Settlement Board to the effect that the information must be obtained from the Winnipeg office and that he is pressing for it. We hope to have it at an early date.

FRUIT JOBBER-BROKER COMBINE

On the Orders of the Day:

Hon. J. C. ELLIOTT (Minister of Labour): In answer to a question asked by the hon. member for Yale (Mr. Stirling) regarding jobber broker combines, I promised to make a statement not later than to-day. With the permission of the House I submit the following statement:

Following a formal complaint under the Combines Investigation Act, a commissioner was appointed in July 1924 to investigate an alleged combine in the distribution of fruits and vegetables in western Canada. The commissioner reported on the 18th February, 1925, to the effect that a combine—called for convenient reference a jobber-broker combine—was operating in western Canada, and that its operations were against the interest of the public.

It appears that the supplies of Canadian grown fruit and vegetables consumed in the four western provinces come principally from the province of British Columbia. The grower, living in British Columbia and disposing of his products all the way from Calgary to Winnipeg, must have agents at the various centres to receive the fruit and vegetables, inspect them for quality and condition, and sell them to the jobbers, as the wholesale fruit houses are called in those provinces.

In 1906 and for some few years thereafter the system of distribution in Canada was from the grower, through his broker, to the different jobbers who sold to the retail trade, which in turn distributed to the consuming public. The jobbing houses, of which there were two or more in each town of any size, were for the most part independent of each other and in more or less friendly competition. Speaking generally and surveying western Canada as a whole, distribution was made through many independent and competing jobbers. There was a free and uncontrolled outlet for supply.

The Nash organization of Minneapolis, which first entered Canada in 1906, and now operates a chain of jobbing houses throughout the west, introduced the principle of the jobber-owned broker about 1913. The Canadian jobbers, who have admitted the harmful nature of the principle, say that in self-defence they had to follow suit.

By reason of the introduction of the jobber-broker principle, the whole aspect of the distribution of fruit and vegetables in western Canada changed. Instead of distribution being through many unallied houses, it is now principally through two chains of jobbing houses, namely the Nash organization, and

the remaining Canadian jobbers. Each of these has its chain of brokerage offices, that of the Nash being known as the Mutual Brokers Limited and that of the independents, as the Canadian houses are called, being known as the Growers Sales Agency, Limited.

The commissioner reported against the principle of the jobber-owned broker on the ground that it was an attempt to join in the one organization two opposing interests—the broker, whose interest should be solely that of the grower and to sell at the best price obtainable, and the jobber whose interest was to purchase at the lowest price and so make the largest profit and therefore was opposed to that of the grower; and he set out in his report instances in which the combine had operated detrimentally to the interest of the grower and others. Certain of these instances, which are set out on pp. 22 et seq. of the Report may be summarized under the following heads:

(a) Failure of the broker to sell to the jobber at the best price.

(b) Attempts to keep the growers in the dark—(1) as to the prices at which their goods were sold; (2) the persons to whom they were sold; and (3) the allowances made to the jobbers on account of the alleged condition of the fruit on arrival.

(c) False returns.

(d) Secret profits.

(e) Special rebates to Nash Jobbing houses which were not given to Canadian Jobbing houses.

(f) Attempts to break up growers' co-operative organizations.

Following the report of the commissioner, indictments were laid against certain persons and individuals, charging inter alia (a) conspiracy to defraud; (b) offences against the Secret Commissions Act; (c) offences against Section 498 (The Combines Section) of the Criminal Code; (d) offences against the Combines Investigation Act. The trial of the accused took place under counts (a) and (b), the counts under (c) being traversed to the next assizes, and those under (d) being withdrawn.

The trial resulted in the conviction of four individuals and four companies. The individuals were sentenced to one day each in jail and to a fine of $25,000 a piece. The corporations were sentenced to fines of $25,000 each. Both individuals and corporations appealed from their conviction and the crown appealed from the sentences, suggesting that they should be more severe. Before the appeals were argued the defendants withdrew their appeals and the crown accordingly withdrew the appeal.

Numerous representations have been made to the government from time to time by growers' organizations and others, to the effect that the jobber-broker combine operates injuriously not only to the grower but also to the Canadian jobbing trade and to the consuming public; and that it should be done away with.

Following the verdict in the recent trial, the so-called Independent Jobbers, that is to say those Canadian firms which are not in what is known as the Nash organization, decided to cease the operation of the brokerage houses which they have been operating in conjunction with their jobbing business. These firms were not among those indicted. As the result of this action of the Independents, the jobber-broker connection is now operated only by what is known as the Nash organization. Since the trial counsel for the Nash interests has made representations to the government that they would like the view of the government on this question.

The matter is of considerable public importance, and in view of the fruit season having commenced before the appeals were disposed of and of the desire of all parties for an expression of the attitude of the government on this question, this statement is made.

It is not the duty of the government to advise corporations, as to how they should conduct their business, nor is it the intention of the government to do so. But the government has found that the question of the jobber-broker combine method of doing business is of such public importance that all parties concerned are entitled to know the government's attitude toward its continuance.

The jobber-broker combine is an attempt to join in the one organization and under the same control, the broker, whose interests should be solely that of the grower, and the jobber, whose interest is opposed to that of the grower. This puts the broker in a position in which his interest conflicts with his duty. Where there is such a conflict of interest and duty it is impossible to guarantee by any external supervision that the thousands of annual shipments of the growers will be handled honestly. Such a relationship is against the established principles of our law, and it is difficult to see how the grower could hope to obtain proper returns for his goods under such a system.

The government has taken steps to ascertain the opinion of those who have a practical knowledge of the operations of the jobber-broker combine. While some growers defend them they have found pretty general condemnation. Responsible officials in government employ condemn it; growers' organi-

zations controlling the vast majority of the crop of British Columbia condemn it; and there is testimony from Canadian jobbers to the same effect.

In view of all these considerations, the government has decided that it must treat the jobber-broker connection as against public policy; and this announcement is made so that all parties may be aware of these views. If the law as it stands is sufficient to deal with this question, resort will be had to it should there be any disregard of its provisions. If the law as it stands is not sufficient, such appropriate legislation within the legislative competence of the Dominion will be introduced as may be necessary to give effect to this decision.

Mr. GUTHRIE: Have all the fines which were imposed been paid, or have any of them been remitted by the government?

Mr. ELLIOTT: All the fines imposed, aggregating $200,000, have been paid.

Mr. BENNETT: Did I understand the minister to say that the fines have been remitted?

Mr. ELLIOTT: No, certainly not.

INQUIRY FOR RETURN

PURCHASE OF SCREENINGS

On the Orders of the Day:

Hon. ROBERT ROGERS (South Winnipeg): Mr. Speaker, will the Minister of Agriculture (Mr. Motherwell) kindly inform me when I may expect the return with respect to orders in council relative to the purchase of screenings?

Hon. W. R. MOTHERWELL (Minister of Agriculture): Mr. Speaker, the other day I received from my deputy a memorandum to the effect that it would require several thousand pages of foolscap and some four additional stenographers to provide the return, and that there was not much prospect of getting it completed by the end of the session, assuming that parliament prorogues towards the end of this month. I may say, however, that I shall be very pleased at any time between now and the end of the session to supply my hon. friend with such part of the information as we have prepared.

Mr. ROGERS: Could my hon. friend bring down that part right away?

Mr. MOTHERWELL: Yes.

[Mr. Elliott.]

GENERAL ELECTION

PAYMENT FOR SERVICES BY SCHOOL JANITORS

On the Orders of the Day:

Hon. H. H. STEVENS (Vancouver Centre): Mr. Speaker, I have a request to make of the minister in charge of election proceedings. I do not know who that minister may be.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The Secretary of State.

Mr. STEVENS: I wish to direct to his attention a letter which I have received from Mr. John R. Sloan, janitor of one of the schools in Vancouver, who writes on behalf of the janitors of a number of other schools in that city which were used as polling stations during the last general election. He points out that their services have not yet been paid for, although they have repeatedly requested payment from the returning officer, who always replies that the money will come through in time. It does seem to me that this small matter should be attended to.

Mr. MACKENZIE KING: This more properly should go to the Chief Electoral Officer.

Mr. STEVENS: I think so.

Mr. MACKENZIE KING: He has charge of these matters. The Auditor General makes payment. I understand there have been delays of the character mentioned by my hon. friend, due entirely to the difficulty which the Auditor General has had in getting the accounts properly audited.

NOVA SCOTIA STEEL INDUSTRY

TARIFF RELIEF

On the Orders of the Day:

Mr. G. T. MacNUTT (Colchester): Mr. Speaker, in view of a statement recently made by the hon. Minister of Finance (Mr. Robb) that certain industries could not await investigation by the tariff board, may I ask if it is the intention of the government to grant relief at this session of parliament to the Nova Scotia steel industry, which is today in a perilous position and confronted with collapse unless early relief is extended?

Hon. J. A. ROBB (Minister of Finance): Mr. Speaker, I am not sure that I followed my hon. friend aright. Did he say I had made the statement that certain industries could not await the decision of the tariff board?

Mr. MacNUTT: As I understood, Mr. Speaker, the Minister of Finance, in explaining to the House his reasons for reducing the duty on automobiles, said that the country could not wait for the tariff commission to report.

Mr. ROBB: That is different; I was talking about the country.

Mr. MacNUTT: Mr. Speaker, may I ask for a reply to my question?

Mr. SPEAKER: Order.

GOVERNMENT LOAN

AUTHORITY TO RAISE A SUM NOT EXCEEDING $150,000,000

Hon. J. A. ROBB (Minister of Finance) moved that the House go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to authorize the raising, by way of loan, under the provisions of the Consolidated Revenue and Audit Act, by the issue and sale or pledge of securities of Canada, such sum or sums of money as may be required, not to exceed in the whole the sum of one hundred and fifty million dollars, for paying or redeeming or otherwise retiring the whole or any portion of loans or obligations of Canada and for public works and general purposes, the principal and interest to be a charge upon and payable out of the consolidated revenue fund.

Sir HENRY DRAYTON: I think my hon. friend will have to give us some information on this resolution, but perhaps we can get it just as well in committee so long as we understand that we are not adopting the principle of the bill.

Motion agreed to and the House went into committee, Mr. Duff in the chair.

Sir HENRY DRAYTON: Will my hon. friend indicate the object and purpose of this amount of money?

Mr. ROBB: Yes. We have maturing during the present year and during the year 1927 a total of $143,505,650. In October next we have maturing $35,000,000 in Canada and New York, and in November $8,000,000 in Canada and New York. The other maturities are in the following year, and this is to make provision to meet them.

Sir HENRY DRAYTON: What time next year?

Mr. ROBB: November 1 and 15 and December 1.

Sir HENRY DRAYTON: Perhaps my hon. friend will tell the House why next year should not look after next year's commitments. Apparently we have commitments amounting to $43,000,000 for this year; why not provide for what we have to look after? If I understand my hon. friend correctly he said there were two retirements to be made, one of $35,000,000 and one of $8,000,000 payable in the autumn of this year, and that there were no other retirements to be made until December of next year. We will have another meeting of parliament between now and December of 1927, so why not just look after our present business? The minister has given us a total of $43,000,000 for this year; he may have a little more, but that is all he has given us.

Mr. COOTE: Might I ask the hon. members to speak a little louder.

Sir HENRY DRAYTON: We have particulars, as I put them down, of $43,000,000 of retirements which have to be looked after during the course of the current year, in connection with which I am offering absolutely no objection. But that is only a small part of $150,000,000, and as I understood my hon. friend the balance over and above the $43,000,000 is to be paid in December of 1927. My suggestion to the House is that we will have another meeting of parliament between now and December, 1927, and it would be just as well if we merely dealt with the business for the present year.

Mr. ROBB: At first blush that would look quite reasonable, but my hon. friend who has been in the department and has had charge of refinancing knows that there are certain periods during the year when money is cheaper than at other times; in the month of January, for instance, money is rather plentiful. Now we have in mind that possibly the maturities of this fall may be taken care of by our own current cash, that is, if the market is unfavourable at the time of maturity. Then in January, when the market is in better shape, we can make a better deal for Canada.

Sir HENRY DRAYTON: My hon. friend is quite right; I agree with him absolutely, but I do not agree with his conclusion. There is no doubt that money is sometimes dearer and sometimes cheaper, and there is no doubt that my hon. friend will be guided by his advisers just as we used to be guided. The same advisers are still there and these things are done in the same way despite what we are told to the contrary. As I said, my hon. friend will very properly be guided by his advisers as to when to make his permanent commitments, but simply because he raises the money temporarily out of his own cash is no reason for putting in more money.

Mr. ROBB: Not unless the market looked good in January so that we could provide for these maturities coming later in the year.

Sir HENRY DRAYTON: My hon. friend means, I take it, that if he sees a very favourable interest market in January his idea would be to take advantage of it to look after the December retirements.

Mr. ROBB: We want to have the funds available if necessary; we might use them or we might not.

Sir HENRY DRAYTON: What is the amount available next December?

Mr. ROBB: About $37,000,000 due in November and about $63,000,000 odd due December 1. I think this is quite regular.

Mr. COOTE: I wonder if the minister would be good enough to put on Hansard a statement of the loans maturing this year. It was impossible to hear what he said.

Mr. ROBB: I will repeat it; the loans maturing this year are $35,000,000 on October 1 and $8,000,000 on November 15, both payable in Canada and New York. Those maturing next year amount to $100,505,650. This is all due in Canada with the exception of $8,000,000.

Mr. FOSTER: I would like to ask the minister if it is intended to float a considerable portion or all of the loans necessary for refunding in the United States, or all in Canada, or part in both countries.

Mr. ROBB: It has always been the government policy to float loans wherever money is cheapest. Sometimes they are floated in England, sometimes in New York and sometimes in Canada. We will be guided by the international market.

Mr. HEAPS: I would like to ask the minister if any of the bonds maturing either this year or next year are tax-exempt bonds.

Mr. ROBB: I do not think so; I am not sure.

Resolution reported, read the second time and concurred in. Mr. Robb thereupon moved for leave to introduce Bill No. 172, to authorize the raising by way of loan of certain sums of money for the public service.

Motion agreed to, bill read the first and second times and the House went into committee thereon, Mr. Duff in the chair.

Section 1 agreed to.

[Sir Henry Drayton.]

On section 2—Loan authorized.

Mr. GARLAND (Bow River): In the resolution preceding this bill it was intimated that the money raised hereby could be used for public works and other general purposes. I would ask the minister what public works he has in mind, and whether this is the usual form for this kind of bill.

Mr. ROBB: This is the usual form. The reason for putting it in this way is that if the market is not quite favourable at the time the maturities come due in the early part of the year, the government may use the funds they have then available in the treasury, funds that are in there for other purposes, retire the loan coming due, and later on in the year borrow to replace those funds.

Mr. GARLAND (Bow River): It is strictly understood that the money secured under this authorization will not itself be used for the building of public works, but simply to replace other funds that may have been taken.

Mr. ROBB: There is no intention whatever of using any part of this for public works.

Mr. COOTE: We have not a copy of the bill, Mr. Chairman, and I do not know whether I am asking this question on the proper section or not. I wanted to ask the minister what was the rate of interest on the loans which are maturing this year and which have to be taken up.

Mr. ROBB: I have not that information before me, but I will get it for my hon friend. If he will turn, however, to the public accounts that he has before him he will find that the rates of interest are all listed there.

Mr. COOTE: Will tenders be invited for the sale of these new bonds?

Mr. ROBB: We shall follow the usual procedure. The procedure generally is to write inviting tenders from different houses, and if they are not satisfactory to us we try and provide other means of financing until the market gets more satisfactory.

Sir GEORGE PERLEY: The minister said he might want to anticipate the loans due say a year from now, by offering a loan say next January if the market happened to be favourable then. If he did anything of the sort, would he not lose a considerable amount of interest? He would be paying 4½ per cent or thereabouts for the money, and would only be getting 3 per cent for it while it was on deposit in the bank in the meantime. So would he not lose 1½ per cent by so doing?

Mr. ROBB: Unless it so worked out that we would not lose, we would not do that financing, but sometimes we can save something by retiring a loan or getting a better rate of interest. The officers of the department have to keep an eye on other countries to see when they are coming in the market so that we can get in ahead of them.

3 p.m.

Sir GEORGE PERLEY: If the minister had a lot of money on hand for a time for repaying these loans, he must be out the interest, must he not?

Mr. ROBB: We always watch out for that.

Mr. SPENCER: A year ago when this matter was being discussed, I suggested that it would be in the interest of the country if say one-half or one per cent more was offered on savings in the government post offices. The Minister of Finance then was kind enough to say that he would give the matter consideration, that it was worth while considering. I would ask him if he has given it consideration, and if he has thought it worth while to increase the rate of interest on deposits in the post office savings offices, for the purpose of raising funds to take the place of such loans as we are now discussing.

Mr. ROBB: I have not reached any decision as to increasing the rate of interest on the post office savings. Of course, anyone who wants a higher rate of interest than the post office gives can buy Dominion government bonds, which are sold in small denominations as well as large.

Mr. WOODSWORTH: I do not wish to raise a discussion at this stage, but I would like to point out that a good many financial authorities believe that there is no reason why the government could not be its own banker, and that by raising money on bonds in this way we are simply saddling a mortgage upon the future of this country. It seems to me that the Finance department might at least give careful consideration to the question whether there is not some better way of financing the country than by means of the issuance of bonds.

Section agreed to.

Section 3 agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

AUTHORITY TO ISSUE SUBSTITUTED SECURITIES

Hon. CHARLES A. DUNNING (Minister of Railways and Canals) moved that the House go into committee to consider the following proposed resolution:

That it is expedient to provide for the extension of the provisions of chapter 11 of the statutes of 1918 (relating to guarantee on removal or postponement of indebtedness of the Canadian Northern Railway system), to the Canadian National Railway Company and to any company referred to in the Canadian National Railway Act, 1919 (1919, c. 13), and in the act relating to the Grand Trunk Railway system (1920, c. 13), and to enable each one of such companies to issue its notes, obligations or other securities, hereinafter called "substituted securities," for the purpose of acquiring, by application of the proceeds thereof, or by exchange therefor, the notes, obligations or other securities or indebtedness of any other or others of such companies, and to authorize the Governor in Council to guarantee the substituted securities.

Sir HENRY DRAYTON: In adopting the motion, it is understood that we are not adopting the principle at all?

Mr. DUNNING: Yes.

Motion agreed to and the House went into committee, Mr. Duff in the chair.

Sir HENRY DRAYTON: I think the minister will have a request from the company in connection with this matter. He probably will have a report from the financial department showing where this is wanted. If he would read that report it will help.

Mr. DUNNING: I have not the report at hand. I have the substance of what is required. It is very easily available. The act which is being amended by this proposed legislation applies to the Canadian Northern Railway system, and did not apply to the old Grand Trunk system, nor to the Grand Trunk Pacific. The purpose of the present amendment is to add two sections, enabling an adjustment to be made of the indebtedness of the three systems, the Canadian Northern, the Canadian National, formerly the Grand Trunk, and the Grand Trunk Pacific. The wording is broadened to enable compromises or adjustments to be made of existing indebtedness, and also to enable one of the companies, such for instance as the Canadian National, to issue its notes or obligations, instead of the obligations of the subsidiary company which is being substituted.

Mr. MACLEAN (York): Without increasing the obligation?

Mr. DUNNING: Without increasing the obligation. That is one of the provisions to be made. That point will be covered when the bill is presented. Briefly if the obligation of the Grand Trunk, for instance, matured, it is desirable, in order to bring the system into one, that that maturing obligation be met by the issue of Canadian National securities, rather than to continue from time to time issuing more of the securities of the separated corporations, and this amendment will give liberty to do that. I propose when the bill is in committee to introduce an amendment, giving assurance that such action will not be taken without the authority of an order in council, so that there will be safeguards concerning it.

Mr. BENNETT: What effect will it have on the interest on the Grand Trunk Pacific debentures?

Mr. DUNNING: It will have no effect on the Grand Trunk Pacific debentures at all. It has no relation to them.

Mr. BENNETT: In regard to the question of earnings; the segregation of earnings on the Grand Trunk and the amount of money that might be available to meet obligations of the Grand Trunk Pacific is important. If the earnings were no longer segregated, might not a claim be made that the interest should be paid?

Mr. DUNNING: I see my hon. friend's point. I thought he had another point in view. That was considered, but in order to make it broad enough to deal with the very complicated situation, it had to be broad enough to involve the possibility of that; but of course very naturally it would be foolish to do anything which would precipitate a situation such as my hon. friend has spoken of. The power of the Governor in Council with respect to the matter is, I think, sufficient protection in that connection. I can assure my hon. friend that it is a very necessary power to have in order to approach the problem of bringing these various entities really into a financial unit.

Mr. NICHOLSON: Will it be possible, before the bill goes into committee, for us to get a clear, concise statement of the moneys that have been advanced to each portion of the Canadian National Railways, the Canadian Northern Railway, the Grand Trunk Pacific, the Grand Trunk Railway, and the Canadian government railways, and a statement showing what has been done with that money. In the statements issued by the Canadian National Railways themselves, as such, and in the statements issued by the component parts before the amalgamation, the amounts shown as received by each of the groups, or at least the amount shown as advanced by the government, including the issue of bonds does not correspond with the amounts of which we have been given any record, as having been expended. As I pointed out previously, there is a difference of $250,000,000. In the case of the Canadian Northern Railway, which is the subject of the resolution now before the House, the advances which are presumed to have been made according to the reports of the Department of Railways and Canals, and the reports of the Canadian National Railways, total $329,000,000, while we can only find in the reports of the Canadian National Railways an account for $205,000,000 that has been expended including deficits on those lines, and all money that has gone into capital expenditure. I feel that parliament should know, and know during this session, where this money has gone. There is either a misstatement on the part of the Department of Railways and Canals as to the amount that has been advanced, or there has been a failure on the part of the Canadian National to show clearly what has been done with the money.

Mr. DUNNING: I would be very glad to try to facilitate my hon. friend's efforts to find that hundred odd million—

Mr. NICHOLSON: Two hundred and fifty million.

Mr. DUNNING: Yes, $250,000,000, but I might suggest that a better and easier course would be for my hon. friend to go before the special committee—and as a member of the House my hon. friend has that privilege—and before that special committee the actual officers of the road who are engaged in making up the account can be examined regarding the matter in detail and at any length. That suggestion does not mean that I am unwilling to have such a statement prepared as my hon. friend suggests and brought down to this House, but I am suggesting the other course as possible, and a course which would reduce the volume of argument in regard to the matter in the House, after it is produced. I suggest that my hon. friend should do that, and at the same time I will undertake that a statement will be brought down to this House at a later date, when I ask the House to consider the estimates which are now before the special committee.

Mr. NICHOLSON: My feeling in regard to the minister's suggestion is simply this: If the session of parliament is going to conclude within the time that a good many

people seem to think it may conclude, I do not feel that there will be any opportunity of getting information by the detailed process of obtaining it from the officers of the Canadian National Railways, particularly where a member of the House, who is not a member of that committee, goes before the committee himself and waits for an opportune time to bring up a particular matter of this kind. A certain routine is being followed in the committee, according to my experience. The minister seems to think we can take up some of the subjects that are not being discussed. It seems to me this is not a light matter and should not be passed over. Statements have been issued, not only to parliament, but to the public, showing that $803,000,000 of new money has been advanced to those lines, and the statements that the railways themselves have issued account for $550,000,000 of that amount. I submit parliament should get a complete statement from the Department of Railways showing exactly what has been put into these lines and what has been done with the money.

Mr. DUNNING: I am not objecting to the production of such a statement as that, but I merely suggest, by way of additional facility, that my hon. friend should take advantage of the opportunity which is his, and I think I can undertake, on behalf of the committee, having regard to what they have done with reference to questions of this kind, that if the hon. member will appear before the committee he will be afforded an opportunity of asking questions in regard to any matter on which he may desire information. Manifestly, there is an explanation. The $250,000,000 has not vanished into thin air. It must be purely an accounting matter, and it will be discovered. I can assure my hon. friend that at a later stage I will be glad to bring down such a statement from the Department of Railways and Canals, but in addition I suggest, in order to facilitate the proceedings of this House, that he should go before that special committee and there examine the officials responsible for the accounts. It must be remembered that these accounts are audited not only by the railway's own auditors, but by an independent firm of auditors, an outside concern altogether. It is surely not possible to assume that $250,000,000 has vanished into thin air. That is not the explanation My hon. friend knows that and I know it. I cannot tell him offhand where this amount of $250,000,000 advanced to the railways in many cases many years ago has been distributed in the railway accounts, but I am sure it is discoverable and I shall be glad to give my hon. friend every facility to discover it.

Mr. GUTHRIE: There are on the market a number of securities of the Canadian Northern Electric Railways. The Canadian Northern electric system consisted of three roads, one known as the Toronto and Eastern, one as the Toronto Suburban, and the other is a road running around Niagara Falls. These three roads are all mentioned in the schedule in the Canadian National Railway Act of 1919. Unfortunately some of my constituents are holders of some of these securities. I made application to the department recently and I received information that these bonds had never been guaranteed by the government, but on the other hand the government has taken possession of these three electric roads and is paying interest on the bonds as it matures. In the legislation which is contemplated as a result of this resolution, will these bonds be taken care of by the issue of Canadian National Railway bonds?

Mr. DUNNING: I cannot answer my hon. friend's question in that regard. I cannot say that these bonds will be taken care of, but it would be possible for the Canadian National to retire such an obligation as this by the issue of further securities not exceeding the amount outstanding which is being refunded. I cannot say that any particular issue will be dealt with either in this or another way.

Sir HENRY DRAYTON: My hon. friend is going further than that. As I understand his motion it is to secure the right to guarantee by the government.

Mr. DUNNING: Yes.

Sir HENRY DRAYTON: That is a different thing from having the holding company change obligations in connection with existing securities.

Mr. DUNNING: I know. I do not want to be misunderstood.

Sir HENRY DRAYTON: I would suggest that at the same time my hon. friend should give us the report of the financiers who have recommended this.

Mr. DUNNING: There is no such report.

Sir HENRY DRAYTON: The question was put to my hon. friend by the hon. member for West Calgary (Mr. Bennett). It is perfectly clear that under this enabling legislation the government could if it so chose turn round and endorse or guarantee new securities for the purpose of retiring any kind of obligations of any of these companies for which obligations the government to-day is not in the slightest degree responsible. Unless some definite reason is shown I would think the last

thing this House ought to do would be to place in the hands of the government the right to make good at the whim of the government what to-day are worthless securities.

As regards the lines that the hon. member for South Wellington (Mr. Guthrie) was speaking about, two of them have been torn up and sold and one was never built. They were undertakings only partially carried on, some of them undertakings which simply fell into the hands of the government because the Canadian Northern owned most of the stock, because they were Canadian Northern enterprises. But they were enterprises which were of no value to the government, to the country, as owners of the transcontinental system. Under this they might be made valuable; under this we might have all kinds of obligations cast upon us because all these are obligations of subsidiary companies.

The hon. member for South Wellington has made it perfectly clear that these are companies which are covered in the schedule of companies referred to in the legislation of 1919. In short, the effect of what my hon. friend proposes is this, that the government can make itself liable for securities for which it is under no liability at the present time because if it is there is no object in the legislation. The class and the character of the liability which may thus be extended is bound only by the number of companies referred to. We have more than a page in the list in one act besides the numberless companies we have in the Grand Trunk which was taken over only in 1920. I am now referring only to the legislation of 1919. If I am wrong my hon. friend will indicate where and in what way.

Mr. DUNNING: I cannot say that my hon. friend is completely wrong, but no one knows better than he that many of these companies have obligations standing in the form of mortgage securities which are not guaranteed by the government but on which interest is being paid. The case mentioned by the hon. member for South Wellington is a case in point. Each one of the complex financial arrangements of these former companies requires to be studied on its merits because there are many cases where, if the government or the company, the company being secondary to the government of course, do not pay the interest, the power which the bondholders themselves have under the mortgage trust deed in relation to our property, means that the property itself would be seriously impaired if the bondholders exercised the power which they have under the terms of the bond. That is true with reference to many of these companies. I am speaking offhand subject to correction, but I think I am correct when I say that the Grand Trunk class of unguaranteed securities is one security on which no interest is being paid and Canadian Northern Fours is another.

It is very hard to please hon. gentlemen opposite on this question. On a former occasion when I spoke on the railway budget the leader of the opposition (Mr. Meighen) took the view—and I had some sympathy with it— that although the written bond of this country was not behind these bonds, we nevertheless had the property and therefore I should consider and he suggested to me that I should give consideration to some plan whereby the interest would be paid because he said—and he used almost these words—the people of Canada really owe the money.

I am not indicating at all that we should go so far as sweepingly to say that all the obligations of these various constituent companies, whether guaranteed by the government or not, should be met by the government. But as a practical man after having spent only a little time up to now studying this complex financial structure, I say that it is essential to have some power in order to be able to deal with the matter intelligently. There is no intention to use the power in any drastic manner and of course the House must be informed from time to time as to what is done with regard to it. My hon. friend spoke of a statement from financiers. I have no such statement. I have the legal opinion with respect to the necessity.

Sir HENRY DRAYTON: What does that say?

Mr. DUNNING: I will read the whole of the opinion of Mr. Ruel, legal vice president of the National Railways with regard to the matter. Perhaps it would be a good thing to put it on Hansard. This memorandum is called forth by a question from myself as minister to the legal counsel as to whether the power asked for in this legislation was not in fact already in the hands of the government. The hon. member for South Wellington will understand the point of my question to the legal counsel. This is the answer which tends to elucidate the whole question:

> It is suggested that the Canadian National Railways already have the powers contemplated by this bill and that the legislation is, therefore, unnecessary.
>
> We are satisfied that this is not the case.
>
> The first legislation of the kind was contained in section 19 of chapter 20 of the statutes of 1914, as follows:—
>
> "19. Any company now or hereafter comprised in the Canadian Northern system which is now or may hereafter be, subject to the legislative authority of

the parliament of Canada may acquire shares in the capital stock of, or securities issued by, or make advances to or receive advances from any other company comprised in said system, and may take or give security for such advances."

This act only applied to the Canadian Northern system. The Canadian National Railway Company was not incorporated and both the Canadian Northern system and the Grand Trunk system were then private enterprises.

The second legislative enactment of the kind was chapter 11 of the statutes of 1918 which is quoted in the explanatory notes to the present bill and which is amended by the addition of two sections by the present bill. This act of 1918 dealt only with the Canadian Northern system and only covered the renewing and postponing of the then existing indebtedness of that system.

Which, as my hon. friend knows perfectly well, has been done from time to time. As a matter of fact, securities which were not originally government obligations have been taken care of as they have matured by the issue of securities which were government obligations. This was inevitable in order to hold the system together.

By chapter 13 of the statutes of 1919, the Canadian National Railway Company was incorporated and given power in section 26 to issue securities to the extent of $75,000 per mile of its lines. By chapter 37 of the statutes of 1923 the right to issue securities was restricted (as to any company included in either the Canadian Northern system or the Grand Trunk system or the Grand Trunk Pacific system or the Canadian National Railway Company) to securities approved of as to form, terms and amount by the Governor in Council. Approved securities could be guaranteed by the crown provided authority to issue had previously been given by parliament.

This was purely a restrictive act apart from the general authority to guarantee issues authorized specifically by parliament.

Specific authority to issue and guarantee securities to the extent of $56,000,000 was given by the Appropriation Act of 1924 (1924, chapter 75, item 137) to raise money to meet indebtedness incurred by, or on behalf of, the combined railway systems. It was, however, claimed on behalf of the underwriters of guaranteed securities that this enactment did not give power to any one company to issue securities on behalf of any other company nor to expend the proceeds of its own issue except on its own behalf. The contention was arguable but was waived, and in the 1925 Appropriation Act (1925, chapter 56, item 377) the power was specifically given to each company to aid and assist any other by the issue of its securities and the application of the proceeds, when guaranteed, to meet the requirements of any or all such other companies. This authority was not general; it applied only to securities issued and guaranteed "under the provisions of this enactment". No securities were issued or guaranteed under the 1925 Appropriation Act.

Sir HENRY DRAYTON: 1923.

Mr. DUNNING: 1925 is the figure here.

This is all of the existing legislation dealing with or relating to the issue and guarantee of securities and the assisting by one company of another. This existing legislation does not cover the purpose of the present bill which is to enable securities to be issued and guaranteed to an amount not in excess of outstanding principal indebtedness to postpone, renew, compromise or adjust existing indebtedness of any company even though not matured.

Mr. GUTHRIE: That covers very well the question I asked. If this measure becomes law the government has it in its power to guarantee the Canadian Northern electrical bonds.

Mr. DUNNING: No.

Mr. GUTHRIE: The Canadian Northern Electric Railway bonds; the three companies are enumerated in the schedule. The answer given me now is that they never guaranteed these bonds. They are paying the interest and they have possession of the roads, which they are operating.

Mr. DUNNING: My hon. friend is right.

Mr. GUTHRIE: Then the government will have power, if this enactment passes, to guarantee those bonds?

Mr. DUNNING: Yes.

Mr. BENNETT: In view of what took place in connection with the Rouyn railway I am strongly of opinion that legislation of this character should not be left in the hands of the Governor in Council but of parliament. My profound conviction, from what study I have given the matter, is that legislation of this character should be passed by parliament. Every bill should be dealt with on its merits. In days gone by I gave considerable attention to this question, although in recent years I have not studied it so carefully. But of one thing I am certain, and that is, that to place power of this kind in the hands of the Governor in Council is to issue an invitation to have the government importuned, as occurred in olden times, to give its guarantee to securities which in my opinion this country should not endorse. I do suggest that the minister would be well advised to leave these matters in such a shape that they may be dealt with every year by parliament. True, some little delay might be entailed, but the question is so important that parliament should pass upon the merits of every such piece of legislation. Take the Rouyn railway, for example, the papers in connection with which I have asked for. What happened in that instance? It was contended that, in virtue of an agreement made between that company and the crown, the government was operating certain railways independently of the Canadian National Railway system. In the capacity of owner and operator of a railway the crown, as represented by the Minister of Railways, undertook to guarantee

by way of lease the securities of that particular road. That is a matter that should be dealt with by parliament in the first instance, and the minister would be acting wisely, before coming to any agreement or asking parliament to place in the hands of the Governor in Council any such power as is suggested, and to provide that no measure of this nature should become effective until ratified by parliament. I wholly agree with what he says as to the desirability of rounding out the financial structure of the system in order to obtain one class of security with respect to all the varying lines of railway. That we will concede. But to ask the Governor in Council to guarantee, compromise and agree to make good certain securities which at present have no value is something which I submit, in the case of a private concern, only the shareholders could pass upon. And the shareholders of the Canadian National Railway system comprise not only the government, but parliament as representing the people.

The difficulty I have always experienced in connection with the government system is the one to which I alluded the other evening, that is to say, the difficulty of having the shareholders of the company—the Canadian National Railway system—give their approval to the necessary measures which in the case of a private enterprise would in due course be submitted by the directors to the shareholders either at an annual or at a special meeting. I have looked into this bill with some care and I urge upon the government not to lay itself open to importunity on the part of interests connected with these various enterprises, sometimes remotely and occasionally quite closely, but to provide that the people through their representatives in parliament shall pass upon every measure of this kind, and that upon the completion of any arrangement it be submitted to the House. That would be the proper course to follow and I submit it for the consideration of the minister.

Mr. DUNNING: My hon. friend makes a case which of course in principle, as applied to any ordinary transaction, is very difficult to answer. May I point out, however, that in the case mentioned by my hon. friend (Mr. Guthrie)—I do not recall the name of the electric lines in question—

Mr. GUTHRIE: The three companies enumerated in the schedule.

Mr. DUNNING: Enumerated in the schedule to the Canadian Northern Act? With respect to those three companies, the power of the Canadian Northern system to issue other securities in place of those guaranteed by the government has existed since the act was passed in 1918.

Mr. GUTHRIE: It was never exercised.

Mr. DUNNING: It was never exercised. But this government is asking for no more power with reference to the Canadian National system as a whole than was conveyed by that legislation with respect to the original Canadian Northern system and its constituent companies. But I do want to be absolutely clear: there is one difference.

Sir HENRY DRAYTON: There certainly is.

Mr. DUNNING: The difference is with respect to securities not yet matured.

Sir HENRY DRAYTON: Certainly.

Mr. DUNNING: That is the difference And I want to ask my hon. friends, as men who know something about finance, whether they think it is possible to make the best fiancial arrangement for the liquidation of that class of security by coming to parliament with a bill asking for authority to deal with it before you attempt to deal with the market situation.

Mr. BENNETT: No; deal with it first, and then come and get the approval of parliament as is always done by railway companies.

Sir HENRY DRAYTON: I am afraid the minister does not quite grasp the point made by the hon. member for West Calgary (Mr. Bennett). He has not answered it at all. He says practically: It is more convenient for me to do it this way. My hon. friend is not quite right when he thinks the powers are as open as they were. The reading of Mr. Ruel's opinion makes it perfectly clear that both points I made are right. The whole question here is that the government's liability may be increased to the extent of all existing securities of any of these companies just as the government and the company agree. That was all I said. My hon. friend said I was wrong, Mr. Ruel says I am right. There is no question that that is the plain intent of the statute.

Mr. DUNNING: But my hon. friend knows that that was the plain intent of the 1918 statute.

Sir HENRY DRAYTON: Oh, no.

Mr. DUNNING: With the exception I referred to regarding the unmatured securities.

Sir HENRY DRAYTON: Since 1918 we have learned how statutes can be evaded, we have learned how parliament can be flouted, we have learned how original capital obligations can be created entirely apart from parliament, we have learned how you can have a rule for one part of the country and another rule for another part of the country. The act of 1918 is a broad act. It is, however, a little more limited than the present act. But the state of the law as we had it in 1923 was too broad, too generous and too liberal, and the railway solicitor points out, perfectly properly, that the act of 1923 was an act of limitation. Now in this proposal, Mr. Chairman, we are asked to go entirely in the opposite direction. In 1923 this government brought in a bill, defined by the railway solicitor as an act which instead of enlarging restricted the then right of creating these obligations against the government. Instead of going along that line of parliamentary responsibility we are now going further away from it than we were doing previous to 1923. I admit the government did it rather reluctantly in 1923, but it is queer that the government which thought something should be done to limit this right of issuing securities should be the government which now wants a blank cheque written.

Mr. DUNNING: Mr. Chairman, I was somewhat impressed by the suggestion made by my hon. friend from West Calgary, and am rather disposed to examine its practicability. Did I understand him correctly to say that one might proceed with an arrangement subject to the approval of parliament?

Mr. BENNETT: Not only that; for instance, when the Canadian Pacific Railway enters into certain negotiations with respect to properties, it puts at the end a very short provision making the agreement "subject to the approval of the shareholders of the company called together in special general meeting." That is done. I might name another instance. When the government entered into an agreement with respect to the construction of a railway in the Yukon, it provided that the agreement was subject to the approval of parliament, as some of my friends will remember. Very frequently when railway companies enter into negotiations with respect to financial matters it is provided that shareholders' meetings shall be held to approve the arrangements made. I have in mind that the New York Central at the time of the consolidation of lines took that course, as did also another American line. I see no reason why in a case of this kind in which the directors of the Canadian National deal with a question, and it is satisfactory to the government, the government does not provide that the arrangement will be submitted to parliament for approval at its next session. That at all events will not involve a longer delay than six or eight months, because that is the maximum time which elapses between the prorogation of one session and the calling of another. That would make it clear there was no disposition on the part of the government to substitute itself for the body of shareholders of the company, parliament being the nearest approach to such a body.

Mr. DUNNING: Does my hon. friend intend that in the meantime the securities in question would be marketed?

Mr. BENNETT: Obviously not; they should not be marketed.

Mr. DUNNING: Or substituted?

Mr. BENNETT: No. The whole matter should be subject to the approval of this parliament, in the same way as a private corporation makes a bargain subject to the approval of its shareholders. That is the regular practice.

Mr. MANION: Mr. Chairman, we have had a very good example of that in connection with the return of Alberta's resources. The government made an agreement with the provincial authorities subject to ratification by this parliament. Why cannot a similar course be taken in regard to railway matters?

Mr. DUNNING: Mr. Chairman, I believe we are all approaching this thing, not from the point of view of party but from the point of view of being jointly and severally responsible for a very great business enterprise.

Mr. BENNETT: And a very difficult one.

Mr. DUNNING: Yes. We must get its financial affairs straightened up, and I ask hon. gentlemen opposite to believe me that I have approached it from that point of view. I could never see how it was possible to make any kind of arrangement with respect to stocks which are not guaranteed by the government, but which have certain securities back of them of a very complex character, it being difficult to ascertain just what the bearing on the property would be of realization by the bondholders of their security, the bondholders themselves being just as uncertain from the legal point of view as the railway, and that uncertainty on both sides being reflected in the market price of the securities at this moment. I do not want

anybody here to think I have reference to the Grand Trunk, because I have not. There is not any legal doubt with regard to the Grand Trunk securities. I am referring to a number of other securities. The uncertainty regarding the position of the securities held by the bondholders in relation to the property, the fact that in some cases interest is not being paid because the government is not responsible for the particular issue, and because the road itself, or the piece of the road representing the security, is not earning interest in accordance with the terms of the bond, and therefore cannot meet that interest,—all of those conditions are reflected in the market price of that particular security. I have been trying to find a way of dealing with this matter which would ensure that whatever those bonds really were worth intrinsically, the government would not be compelled, in order to rehabilitate the finances of this system, to pay a price for them beyond their real worth. That is really what I am aiming at; I think the hon. member for West Calgary sees it, as well as the hon. member for West York, and if there is any way, by co-operation between the members of this House who have studied this problem and know something about it, to evolve such a method and at the same time have all the publicity which attends a submission to parliament, I would be very glad indeed to take such a course. Frankly, I have not been able to find that way, having regard to the very great complexity of the different securities involved. Hon. members will judge that I hesitated somewhat before introducing a measure extending the powers in question to securities not yet matured. That is really the point, the extension of that power in order to make it apply to securities not yet matured, and yet if we do not have that power we cannot deal with the most difficult of the questions involved. It is in connection with that phase of the matter that the greatest difficulties of financial rehabilitation occur.

I do not think anyone who has studied the matter will deny that statement, and unless and until there is some method of dealing with such securities before maturity we can never make one financial entity of the Canadian National system. I only need refer to one fact in order to prove that statement. The Grand Trunk Pacific securities, about which so much talk has occurred in the Old Country, are perpetual securities and never mature. It is true that we have the right to redeem them in 1936 at a price of 105, but apart from that right there is a perpetual security. Under our existing legislation it never could be dealt with, but under this legislation it is possible to negotiate. The government of the day would, of course, have to take responsibility for these negotiations, but I have found it very difficult to devise any scheme which would not involve procedure somewhat along the line indicated in this bill. I am prepared to give consideration to suggestions and will be very glad to receive them.

Mr. BENNETT: Mr. Chairman, I recall the circumstances under which the Canadian Pacific Railway acquired the Calgary and Edmonton Railway Company's properties; they certainly went to their shareholders with a completed bargain. The Calgary and Edmonton securities were 6 per cent securities, and a bargain was made whereby, if my memory serves me right—and I speak now subject to correction—Canadian Pacific 4 per cent perpetual debenture stock was substituted therefor, or possibly the rate of interest on the bonds was reduced to 4 per cent. I am not quite sure which was the case, but I recall the circumstances and remember that the shareholders approved of the arrangement.

All the consolidated perpetual debenture stock of the Canadian Northern system is having its interest paid from year to year; at the moment I do not know whether or not it is earned, but up to a certain time it was not earned. Yet we paid it, because we had acquired the stock of the enterprise, rather than let it default. That, I think, should have been done; the railway and property should have been placed in the hands of a receiver as the only way in which the matter could be dealt with, but we have seen fit to pay the interest upon that perpetual debenture security. I look at chapter 20 of the statutes of Canada for 1914 and find there a list of all the securities acquired at the time we gave assistance to the Canadian Northern enterprise, as well as all the mortgaged properties which were taken over by us subject to the claim of the perpetual consolidated debenture stock of 1903. The more I look at it the more satisfied I am that this House, representing the shareholders of the system, should not confer upon a government the right to deal with these matters. I think it in the interests of the government themselves; I can conceive of nothing worse for the government than the financial interests, who have been buying securities of various kinds in order to make a deal, for instance, coming along to the government and saying, "We can do so and so." A better deal can be made for this

country if the minister is in a position to say, "Yes, we will deal, but we can only deal with the approval of parliament." I am as sure of that as I can be sure of anything, because of my observations with respect to matters of this kind. If a board of directors has to deal with its shareholders before approving a bargain I have always observed that they can make a much better bargain than if they took the matter up themselves. In other words, the publicity incident to explaining the circumstances of a transaction to a shareholders' meeting involves consideration by the directors, which ensures the very best possible bargain.

Now, speaking to the particular matter to which the minister refers, it is apparent that he desires to acquire securities which have not as yet matured. That is usually done through a bondholders' committee or in some similar way, or through a large financial house which specializes upon these matters. For instance, the Canadian Northern has maturing at a not distant date $25,000,000 of income bonds the interest upon which has not been paid because, in the terms of the bond itself, the income has not been earned. It is probable that this country will have to pay that $25,000,000.

Mr. DUNNING: If I may correct my hon. friend, the interest was earned for some time and was paid.

Mr. BENNETT: I mean since the amalgamation. Prior to the acquisition of the system by the country it is true that in order to maintain a market the interest was paid whether it was earned or not; it was said to have been earned, to put it correctly. No one who has analayzed the figures believes that it was earned, but it was said to have been earned, and I remember when these income bonds sold at a premium. They were exchangeable for common shares in the system, and in view of the revelations, shall I say—because I can use no other word—disclosed by the prospectus, people thought it might be a valuable investment. We have passed that by; the fact is that these bonds mature at a not distant day; they are a 5 per cent security, and it might be desirable for the country to acquire them. But who for a moment would suggest that, if it became known that the government was authorized to deal with a transaction of this kind, the market price would not immediately advance? There would be pressure, unfortunate pressure, exerted against the government on all sides by their friends and by people who would become their friends for the moment, or at least until the transaction was ended. It is apparent in matters of this kind that once you get it into the House of Commons with its 245 members, the government would say, "We submit this for your approval." It does not involve the life of the administration at all; they simply say, "We recommend this to parliament; we have made this bargain which we believe to be best and we ask you, as business men, to consider it," and I have no doubt that parliament will give it that consideration which its importance demands.

The more I look at the statute of 1914 under which we acquired these securities, and in view of the circumstances which I think the minister has in mind but which he has not mentioned and which I will not discuss as to the acquisition of securities, I think he will be in a position to deal more favourably, more economically, more free from the pressure of individuals and much more to the advantage of the railway system as a whole, with less possible appeal being made to what I will fairly describe as the avarice of man, if he is not placed in that position.

Take the Grand Trunk situation. What happened with respect to that? Who was it that cornered the market in Grand Trunk securities in London? Look what Mr. Fielding said in his budget speech. The man's name he does not mention, but he is known to every Canadian, and he took advantage of certain information that he had, went to London, and was reported to have pledged practically his whole fortune for the purpose of enabling him to corner those securities, which went I believe, to par. If it became known that the government was dealing with this matter in that way, the advance in the price of the securities would be immediate, whereas if the bargain were subject to the approval of parliament—

Mr. DUNNING: The bargain to which my hon. friend is referring was subject to the approval of parliament.

Mr. BENNETT: But the terms of it were known in advance of being submitted to parliament. The other was a matter of an entirely different character. I could analyse it, but the hon. member for West York did so on one occasion, and I am not going into that now. If every bargain of this kind is made subject to the approval of the House of Commons and of the Senate, I am so satisfied that it would be in the interests of this country by millions of dollars that I venture to press it on the minister's attention, believing that the citizens of this country look to us as the representatives of the shareholders of that system

to protect it from the greed and avarice, on the one hand, of contending claimants at the hands of the government, and from the government itself when pressure is being made upon it. I think we should strengthen their hands to resist that pressure, and it can only be done, in my judgment, by leaving the matter to parliament and not to the governor in council.

Sir HENRY DRAYTON: So far as I am concerned I am perfectly willing to talk this over with the minister on the line he suggests. There are different ways in which the matter can be handled. My own idea is that the less publicity we have in these things, in some instances, the better, but at the same time I entirely agree with what the hon. member for West Calgary has said as to the unforutnate experiences we have had in the past as regards what happens in the stock market when it is even believed that the government are going to interest themselves in any particular property. If this legislation were passed in the form proposed, I am afraid the minister's position in life would indeed be an unhappy one. The first thing he would know a whole lot of people who ought not to have the information would have it just as sure as we are sitting here, and before the system got the stock there would be, just as certain as anything, a considerable appreciation in price, and such a demand upon the country and the government that, notwithstanding the appreciation, the deal would go through. I am perfectly willing to discuss the matter with my hon. friend and help him in any way with my advice, such as it may be, but I cannot see my way to support this present proposition.

Mr. BENNETT: May I put it this way, in one sentence? This is a matter that in an ordinary private corporation would be submitted to the shareholders.

Mr. DUNNING: Not necessarily.

Mr. BENNETT: It could not possibly be carried into effect otherwise. The minister says no. Let him show me any statute or authority to show that a matter of this kind would not be dealt with by the shareholders. It would be submitted antecedently or subsequently, and antecedently it has never been done by any corporation carrying on a public service business that I know of, because the directors would be put out of business who undertook to do it. Then, if it should be submitted to the shareholders, who are the shareholders of this company? The members of this House and the Senate.

[Mr. Bennett.]

Mr. DUNNING: With regard to following the common procedure of great corporations in this regard, it is, in fact, a very frequent practice for the directors to go to the shareholders with a proposal enabling the board of directors to purchase securities in connection with deals of this kind where it is in the interest of the company so to do. It is not unusual at all.

Mr. BENNETT: Would the minister name one?

Mr. DUNNING: Offhand, I cannot.

Mr. BENNETT: I have studied these things rather carefully.

Mr. DUNNING: Yes, and I defer to my hon. friend's corporation knowledge, which is much wider than my own. It is not that this government desires to get into its own hands powers which could be used improperly.

Mr. BENNETT: I have not sugested that.

Mr. DUNNING: But we do desire to get into a position where the re-financing of this great system can proceed. The very instance my hon. friend quoted by way of illustration regarding what happened in London in connection with the Grand Trunk matter is an evidence that the very thing which he argues would happen, did in fact happen, when the system he advocates was in practice, and when the matter had to be brought to parliament.

Mr. BENNETT: In that instance the bargain was not concluded. My point is, conclude the bargain and ask parliament to approve. In that other case it was the knowledge that parliament was going to be asked to do something—not the completion of the bargain—that brought about the condition to which I have referred, and that is what will happen here unless you do it in the way I have suggested, namely, come to parliament with a completed bargain and ask for its approval.

Mr. DUNNING: My hon. friend appreciates that in a great many cases the method of procedure would not be by negotiating with anybody, but by simply buying the securities.

Mr. BENNETT: On the open market?

Mr. DUNNING: In some cases, yes, unquestionably. I am of the opinion that a great deal of our troubles in the Old Country with regard to this Grand Trunk matter could have been adjusted if there had been some such power. My hon. friend agrees with me.

Mr. BENNETT: Not the power to buy.

Mr. DUNNING: Of course, there will always be a certain number of people who desire to take advantage of advance information of what is proposed to be done. I have no doubt at all that if it were known that a certain arrangement with certain creditors of a certain part of the system was under consideration by the government, with a view to its being placed before parliament, precisely the same effect would follow as my hon. friend outlines. It followed in connection with the Grand Trunk case. However, I do want to settle a matter of this kind in a manner which will not cause it to become the subject of political controversy. On the other hand, I do not want to settle it in a manner that will ensure that the Dominion of Canada will be forced to pay one hundred cents for something which is intrinsically worth only fifty cents, and that is the position I am afraid of getting into as a result of following the suggestions made to me.

I make this suggestion to the committee. Let us pass the resolution and get the bill before the House. I will leave it in such a stage as to permit of its consideration by those interested on both sides of the House, and if there is a better way, a safer way, I shall be glad to consider it, subject to this condition, that if the suggestions made involve as a certainty that this country is going to pay 100 cents for something that is worth only 50 cents, I am against that, and that is the tendency of the suggestions that have been made. I believe that the shareholders of a corporation in the position that this corporation is in would give to their trusted directors the power to deal with the matter. Of course, I understand that the government is never exactly in the position of being the trusted directors of all the shareholders; it is never trusted by everybody on all sides of the House. Many of my friends who argue for more business in government, if they had to be subjected in their own private business to what members of the government are subjected in conducting the business of the country, would not stay in business very long.

4 p.m.

Mr. POWER: That is what the opposition wants.

Mr. DUNNING: Probably so. I make that suggestion in good faith, recognizing that other members of this House are just as desirous as I am that this matter should be handled in a businesslike way, I suggest that we let the resolution pass and the bill be introduced, and then we can leave it in committee, or better still, let it stand for second reading.

Sir HENRY DRAYTON: My hon. friend I think is wrong when he thinks, for example, that he is standing like Horatius at the bridgehead saying: We will never pay one dollar for what is worth only fifty cents. He talks as if he were Horatuis—I am going back further than some of the other similes. He is wrong when he thinks he is either like Horatius or the crown prince in that regard.

Mr. DUNNING: Do not talk politics now.

Sir HENRY DRAYTON: My hon. friend says, do not talk politics. Is he only a politician when he is the crown prince or when he is Horatius? How does that come in? My hon. friend is entirely wrong when he speaks in that way. In the first instance there is a great deal of difference between the Grand Trunk case and this. We did not like the Grand Trunk case. There is no question about that. But the fact that people went out, bought on the market, ran up the price and got control of the stock did not add five cents to the obligation of the government. But in this particular case, if we have any advertising—and this particular discussion is an advertisement, because it is advertising to everybody that particular securities are good ones to get hold of—that is the way to run up the price and the only way you can run it up successfully. That is going to be done if we adopt this proposal. I think the minister should withdraw the proposition or have a conference. I do not think we should countenance such a proposition at any time.

Mr. MACKENZIE KING: It seems to come down to the question of the subsequent approval of parliament. Would my hon. friend be willing to let the resolution pass, with the distinct understanding that we are not committed to anything more than that the government should get certain powers that are suggested here, either with the approval of parliament or without the approval; but that that matter should be settled before any bill is passed? I have a great deal of sympathy with the point of view that the approval of parliament should be obtained. If it is possible to do what is here suggested with the approval of parliament, I would be entirely in favour of the proposal for the approval of parliament. But listening to the discussion this afternoon, I confess, not having the knowledge of finance which my hon. friend opposite has, I am not sure that the object aimed at by the minister could be attained with the provision for the approval of parliament.

Sir HENRY DRAYTON: I would agree with my hon. friend's suggestion except for this reason: If the approval of parliament is

necessary there is no object in the legislation at all. We might just as well make up our minds one way or the other. If the approval of parliament is to be required, we gain nothing by passing the legislation now.

Mr. MACKENZIE KING: My hon. friend made a remark which I think has a bearing on this question, namely, that in the public interests it is advisable that there should not be too much publicity at this stage.

Sir HENRY DRAYTON: That is why I wanted to hold a conference.

Mr. MACKENZIE KING: If that is true, and my hon. friend agrees to it, would it not further the situation if the resolution were allowed to pass, it being understood by both sides that the bill will not be proceeded with unless we have some agreement and understanding between the two parties in regard to it?

Mr. ROGERS: Let us agree to have the conference first.

Mr. MACKENZIE KING: If the resolution is passed and the bill is introduced, before the second reading is proceeded with we could have a conference.

Mr. ROGERS: I think it would be more satisfactory to have the conference first.

Mr. DUNNING: As my hon. friend has so little confidence in our good faith, I am prepared to move that the committee rise, report progress, and ask leave to sit again.

Motion agreed to.

Progress reported.

IMMIGRATION ACT AMENDMENT

The House resumed from June 2, consideration in committee of Bill No. 91, to amend the Immigration Act—Hon. Mr. Stewart—Mr. Duff in the chair.

Hon. CHARLES STEWART (Edmonton, Minister of the Interior): When this bill was in committee last week, there was some question as to whether the Criminal Code would cover section 41 of the Immigration Act. I think we were all in agreement in regard to the provision of the amendment, namely, that it was taking out of the hands of the Department of Immigration the right to bring before a board of inquiry and deport aliens under section 41. That is all that was involved; the offences contained in section 41 are dealt with under the Criminal Code.

Mr. BURY: I understood when the bill was before the committee on a previous occasion that the Minister of the Interior admitted that all the clauses in the present section 41 would not be covered by the amendment, and that some of the acts for which deportation lay under the present section 41 of the Immigration Act would not lie under the new section as amended. If so, I would like to know which acts they are.

Mr. STEWART (Edmonton): I was led into error by the fact that I was not aware that sections 97 and 97 (b) of the Criminal Code had been repealed. That matter was taken up on Friday when the amendments to the Criminal Code were passed. I understand that sections 132 and 141 of the Criminal Code do cover, or can cover, practically all that is provided for in section 41. Section 41 is merely removing from the Department of Immigration the right to bring before a board of inquiry and to try individuals suspected of certain offences. What we are doing in effect is simply to provide that a trial should be had before a judge and jury, and then we step in and enforce deportation afterwards.

Mr. BENNETT: This gives the minister the right to determine whether or not the man should be deported.

Mr. STEWART (Edmonton): No.

Mr. BENNET: Section 41 says that the officer of the municipality shall report the case to the minister.

Mr. STEWART (Edmonton): Yes.

Mr. BENNETT: And what does the minister do?

Mr. STEWART (Edmonton): The officer reports to the minister only in case of conviction. The provisions in section 41 were that if those offences were proven before a board of inquiry deportation followed as a matter of course. Now it cannot follow, unless it is reported that a conviction has been registered.

Mr. BENNETT: What does the minister do?

Mr. CANNON: The minister sees that the man is deported if he receives a report from the judge that the man has been convicted.

Mr. BENNETT: Under what authority is he deported?

Mr. STEWART (Edmonton): Under section 40. The minister still retains power to deport under section 41. As a matter of fact, I would very much rather the Immigration department was relieved of the deportation proceedings altogether, and that officers of the crown who are charged with other duties might perform that duty, but we are retain-

ing it under section 41, I presume for offences of this character, and to offences under the Narcotic Drug Act the same procedure applies. Where convictions are made we register deportation. Apparently that is our business. We are police officers to that extent.

Mr. BURY: As I explained when we were last considering this amendment I was not concerned then nor am I so much concerned now with anything except the question whether the amendment will cut out from what I may call deportable offences, any offences for which deportation now lies. The Minister of the Interior first told us that the offences would be the same under the present act and under the amendment. On further advice he altered his statement and said: No, there would be some offences for which deportation lies under the present act for which deportation will not lie under the new legislation.

When the hon. member for Winnipeg North Centre (Mr. Woodsworth) was speaking in committee on this matter on the last occasion he admitted that there would be certain acts for which deportation now lies for which deportation would not lie under the amendment. I would like to know what these are. The minister now states that he thinks that notwithstanding the repeal of sections 97A and 97B of the Criminal Code, notwithstanding those amendments that were made the other day, there will be no change. I want to call attention to this. Section 41 of the act as it now reads states:

> Every person who by word or act in Canada seeks to overthrow by force or violence the government of or constituted law and authority in . . . . Canada.

Perhaps that is covered by the offences that are mentioned in section 134 of the code where it is an indictable offence to speak seditious words or to publish seditious libel or to be a party to a seditious conspiracy. But further down there is this offence:

> Or advocates the assassination of any official of any of the said governments or of any foreign government, or who in Canada defends or suggests the unlawful destruction of property or by word or act creates or attempts to create any riot or public disorder in Canada.

I very much fear if those cases for which deportation now lies are covered by the code with 97A and 97B repealed. If there is any doubt about the matter we should not leave those offences as acts which can be committed without liability to deportation. The man in Canada who defends or suggest the unlawful destruction of property—where is that offence covered by part II of the code? I cannot find it.

Mr. LAPOINTE: I am sure my hon. friend cannot find the exact words in the Criminal Code, but those matters all come under some sections of the code relating to sedition, seditious intention, seditious words and seditious libel. The only difference will be that those people will have to be convicted first before being deported.

Mr. BURY: I am not talking of that at all. The only section that could possibly refer to this is section 134 where it is made an indictable offence to speak seditious words or to publish a seditious libel or to be a party to a seditious conspiracy. I suggest to the Minister of Justice that those words are not sufficient to cover the offence described in the present section 41 of the act, namely, the offence of defending or suggesting the unlawful destruction of property.

Mr. LAPOINTE: That is sedition under the common law.

Mr. SUTHERLAND (South Oxford): Have there been any complaints against the department in connection with the deportation of people who have come under the provisions of this section which is being repealed?

Mr. STEWART (Edmonton): I cannot say directly under those particular provisions but we have difficulties in connection with almost every deportation. In very many cases there are people who object to the deportation and who try to fight us on the ground that it is illegal and to hold up the deportation if they can.

Mr. SUTHERLAND (South Oxford): Under the proposed legislation those advocating sedition or anarchy or a state of affairs of that kind are to be given the dignity of a public trial before a judge and jury whereas under the old act the minister and his officials had the authority to take such people in hand and bundle them out of the country in a hurry.

Mr. STEWART (Edmonton): That is a fair interpretation.

Mr. SUTHERLAND (South Oxford): Under present conditions, with a situation such as exists throughout the world, I do not think it is advisable to make the change in our law unless there is some pressing need for it and a demand on the part of people who are not in sympathy with those subject to this section of the act. I protested the other day against it and I do so again because I am satisfied that the change is being made largely through the influence of undesirable people in this country.

Mr. STEWART (Edmonton): I hardly think that is a fair statement because three different attempts have been made to amend section 41 of the Immigration Act, not for a moment in order to wipe out the offences but to take out of the hands of the Department of Immigration and the minister the right to seize and deport people without trial except trial by his own officials who constitute a board. That is all that we are attempting to do. My hon. friend says that if these people are anarchists they have no right to any consideration. After all the common law provides that a court is the judicial body which decides matters of this kind.

This amendment was inserted at a time when affairs were somewhat strenuous in the country but frankly I would much prefer that the court should deal with this matter than that responsibility should be upon the minister. It has been stated that this is too much power to put into the hands of the minister and I have agreed with that on every occasion when the question has been brought up in the House. I know the objection taken is that individuals guilty of some of these offences are not worthy of trial. All I say is: Do not ask the minister to decide upon the worthiness or unworthiness of the person concerned; let the court decide that, and afterwards we will perform the duty of getting him out of the country.

Mr. SUTHERLAND (South Oxford): Under section 40 are there not certain offences the determination of which still remains in the hands of the minister and as regards which he still retains the power of deportation without trial?

Mr. STEWART (Edmonton): Yes.

Mr. SUTHERLAND (South Oxford): The minister is now proposing to make a distinction between those mentioned in section 40 and those guilty of sedition or anarchy.

Mr. STEWART (Edmonton): Not necessarily anarchy, but sedition is one of the offences. A very wide interpretation can be put upon the word "sedition." My hon. friend will agree that it may be difficult to prove prostitution, but at the same time it is an offence for which the minister has power to deport.

Mr. STEWART (Leeds): I can see no good reason why this legislation should be amended. From what direction is the pressure coming for it? By whom has it been recommended?

[Mr. D. Sutherland.]

Mr. STEWART (Edmonton): The Trades and Labour Council, which is a very respectable body in this country, has repeatedly requested the government to amend this legislation and it did so again this year. Tom Moore is president of the organization which I think truly represents labour in this country.

Mr. STEWART (Leeds): Is the Trades and Labour Council pressing for an amendment which would prevent deportation of those who advocate anarchy?

Mr. STEWART (Edmonton): The Trades and Labour Council does not advocate that at all. There is no request for stay of deportation. What is asked for is trial.

Mr. STEWART (Leeds): The effect of this legislation will be undoubtedly that many guilty men will escape. We all know how difficult it is to secure conviction in the trial of offences of this kind, and if the minister and the board of inquiry which is already provided, are thoroughly convinced that a citizen is undesirable, even though he may not be convicted in any criminal court, surely there should be reserved to the department the right to deport such a man without going to the expense of securing conviction criminally, with the uncertainty that must attend any such trial. There might not be evidence enough to bring about a conviction, and yet there might be sufficient evidence to warrant the minister in considering an individual an undesirable. He might be stirring up trouble and should be deported. But it will be impossible to secure his deportation under the legislation now proposed.

Some hon. MEMBERS: Oh, oh.

Mr. STEWART (Leeds): Hon. gentlemen to the left are laughing. I do not see anything to laugh at, especially when we recall the experience we have had in Canada with some of this class of people. It costs thousands of dollars to secure a conviction and the result is that many of them escape.

Mr. BEAUBIEN: Who is better qualified than the courts to decide whether or not a man is undesirable?

Mr. STEWART (Leeds): The court's business is to ascertain merely whether a crime has been or has not been committed. A man might be a very undesirable citizen and yet not be guilty of any particular crime.

Mr. POWER: Undesirable in what sense?

Mr. STEWART (Leeds): In every sense.

Mr. POWER: In what sense specifically —because he eats peas with his knife?

Mr. STEWART (Leeds): When we are selecting immigrants in the Old Country we do not act on the principle that merely because a man has not been guilty of any crime he is therefore admissible.

Mr. POWER: No, we have regulations governing his entry.

Mr. STEWART (Leeds): Exactly. Why not therefore follow that principle right through?

Mr. POWER: And abolish the courts altogether?

Mr. STEWART (Leeds): No, I do not suggest that.

Mr. POWER: To whom would the hon. gentleman leave the discretion of deciding whether anyone was desirable or undesirable? Would he leave that discretion to members of parliament?

Mr. STEWART (Leeds): Leave it to the board of inquiry as in the past. Surely it is safe to leave the matter in the hands of the board. And, besides, it is cheaper.

Mr. POWER: Who would make accusation against the undesirable?

Mr. STEWART (Leeds): The same person who would make it in a court. Someone must start the machinery, whether in the court or before the board.

Mr. POWER: Did the hon gentleman ever read section 41 of the part which is being repealed?

Mr. STEWART (Leeds): Yes.

Mr. POWER: Does he know that under that section the board of inquiry could have excluded from this country almost every man who has even been of any benefit to the human race in the fight for liberty in foreign countries? It could have excluded nearly all the great patriots during the last century. Anyone who had opposed organized government in his own country could have been kept out under the legislation as it has existed heretofore. For example, as my friend the Solicitor General (Mr. Cannon) suggests, Lord Carson could have been refused entrance into the country.

Mr. STEWART (Leeds): You would not want him anyway.

Mr. POWER: Neither I would. But the law would have excluded him at any rate, just as it would have excluded Michael Collins, Mazzini, Garibaldi, Kossuth and practically all those who fought against organized government in one country or another of Europe. Does the hon. member want that state of affairs to continue, or does he want this to be a fairly free country?

Mr. STEWART (Leeds): Have those people or any of them ever come here to reside?

Mr. POWER: No, but they could have been excluded if they had come.

Mr. STEWART (Leeds): You cannot deport a man until he is here, and has made himself a nuisance in Canada.

Mr. POWER: There would have been any number of people who would have concluded at once that some of these men I have mentioned were nuisances. Would my hon. friend suggest that a court would not be competent to inquire into the conduct of such persons?

Mr. STEWART (Leeds): A board of inquiry set up by the minister and under his control and responsibility would be just as capable of determining a matter of that kind as a court of justice ,and perhaps more so.

Mr. POWER: It is a question of taste, as I suggested in regard to the peas.

Mr. CANTLEY: The minister will hardly suggest that any injustice has been done in the past. I do not accuse him of cowardice nor do I think he is a coward, but the only reason he has given so far for wanting to repeal the law is the fact that he does not want to assume the responsibility under the act. Considerable numbers of undesirable people have been coming into this country, and we should have been better off if we had deported them. If we are to abide by the result of a trial there are sections in Canada where, as we know from past experience, the legal proceedings would be so protracted as to make it highly improbable that any undesirable person should be deported. We want to give these people short shrift. We have too many of the type who in the last ten years should have been deported on their arrival.

Mr. STEWART (Edmonton): It is not at all a question of cowardice or of courage. Hon. gentlemen opposite are forever arguing that the courts are the proper authorities to settle disputes, and I am rather surprised that my hon. friends should take this attitude to-day. They seem to have more confidence in me than in the courts. I appreciate the

compliment, of course, and I may assure the committee that I have never at any time stayed deportation upon report from the board that any individual was undesirable. There are however under section 41 a number of offences which in my opinion could better be dealt with by the courts. This provision was enacted at a time when the country was in a state of serious disorder.

Mr. CANTLEY: It is not much better now.

Mr. STEWART (Edmonton): Well, I still have authority to reject people at the boundary. I sympathize with the desire with which the provision was enacted, to prevent men from agitating the minds of others even though, in their view, legitimately. But on three different occasions attempts have been made to amend this section simply because it was felt to be unnecessary. It is considered advisable to put these particular crimes in the same category as others and let them go before the courts for decision.

Mr. SUTHERLAND (South Oxford): Has the department acted upon any cases submitted to the authorities in the last few months?

Mr. STEWART (Edmonton): Not since I have been in the department.

Mr. BENNETT: Section 41 as it was passed in 1919 and as it now stands creates certain offences which are not offences within part II of the Criminal Code.

Mr. LAPOINTE: I would not say so.

Mr. BENNETT: If my hon. friend will analyse the provisions of part II of the code, in the light of the provisions in section 41, he will have no difficulty in arriving at the conclusion that there are, in that section, offences which are not contained in part II of the Criminal Code. I do not want to take up the time of the committee, for my absence should not be a reason for prolonging this discussion, but I do ask the minister to look at that carefully. My hon. friend from East Edmonton (Mr. Bury), who sits beside me, has gone over in detail all the sections of the Criminal Code, and I have looked over his memorandum. I certainly think section 41 does create offences that are not created by part II of the Criminal Code. Now, this proposed legislation repeals section 41. The new section provides that a man must have committed an offence against some section in part II of the Criminal Code before he can be dealt with by the minister. If, therefore, there are offences in section 41 that are not covered in part II of the code, it follows that to that extent this legislation relaxes the supervision that we have been able to exercise over undesirables up to the present moment. I think it goes without saying that there has been in times past an organized effort in this country against the Dominion government and the governments of the provinces. As I came along on the train yesterday I read the daily papers from Winnipeg, and I observed that the mayor of that city has asked the citizens to unite for the purpose of putting down this communistic effort, and he names, for instance, an office building in the city of Toronto from which the objectionable literature is being sent out to various parts of Canada. The other day the members of the legal profession of Manitoba were invited by a gentleman from the United States who came to address them at Winnipeg to use their strongest efforts to prevent subversive propaganda that was now being circulated in his country and to a lesser extent in Canada.

I am wholly in sympathy with the idea that in this age it is perhaps a large power to leave with a board of inquiry to determine whether or not men are guilty of the offences in question. But once you have committed the matter to the courts—and as to that I am raising no objection—I submit to the minister that it is a lessening of the number of offences for which deportation is now possible, and to that extent this proposed legislation should not be passed. This is not the day to relax the arm of the law, this is not the day to lessen the authority of our officials to bring to account men who are deliberately endeavouring to destroy our institutions. I am wholly in accord with what my friend from Quebec said, that for the moment we are concerned about Canada alone, and not about any other portion of the British Empire. At the moment I am concerned with men who are circulating seditious literature and who are carrying on an active propaganda against organized government in the provinces and in this Dominion, and my regret is that in part II of the code there is no section that meets the cases mentioned in section 41.

Mr. STEWART (Edmonton): Would my hon. friend enumerate those?

Mr. BENNETT: I do not want to be too lengthy. I will go over briefly the memorandum prepared by my hon. friend from East Edmonton. Section 41 provides that:

> Every person who by word or act in Canada seeks to overthrow by force or violence the government of or constituted law and authority in the United Kingdom of Great Britain and Ireland or Canada—

I can readily understand the observation of hon. members that the United Kingdom of Great Britain and Ireland can more or less take care of itself, and that for the moment we are concerned with Canada. Suppose all the words after the word "authority" were stricken out, leaving this part of the section:

—or who in Canada defends or suggests the unlawful destruction of property or by word or act creates or attempts to create any riot or public disorder in Canada.

Now, riot is dealt with in the Criminal Code in part II, but threats of destruction of property by word are not dealt with in the part of the code as I read it.

Mr. LAPOINTE: My hon. friend is wrong.

Mr. BENNETT: Will my hon. friend give me the section?

Mr. LAPOINTE: Section 132 deals with seditious words and so on, and if my hon. friend refers to Crankshaw's edition of the Criminal Code he will find there a number of cases in England, where the law is exactly the same as it is here. Everything that is referred to as coming under the offence of sedition, for instance, distributing or sending literature from Toronto, would be covered by the common law, and everything that has the effect of creating dissatisfaction as between different classes of the community has also been found to be sedition under the common law.

Mr. BENNETT: But the difficulty is that this is part II of the Criminal Code that the section deals with.

Mr. LAPOINTE: Section 132 is part II of the Criminal Code.

Mr. BENNETT: It reads as follows:

(1) Seditious words are words expressive of a seditious intention.

(2) A seditious libel is a libel expressive of a seditious intention.

(3) A seditious conspiracy is an agreement between two or more persons to carry into execution a seditious intention.

Mr. LAPOINTE: Yes.

Mr. BENNETT: The difficulty is that the section, as it now reads, places a limitation upon the provisions of section 41, because it provides that it must be for violation of the provisions of part II of the Criminal Code.

Mr. LAPOINTE: Yes.

Mr. BENNETT: Section 41 has terms in in that are not in the Criminal Code, as I have pointed out, and the very language used by my hon. friend the Minister of Justice shows that the common law excludes the operation of section 41.

Mr. LAPOINTE: I beg my hon. friend's pardon. It is the common law that interprets section 132.

Mr. BENNETT: Then why do we not say any criminal offences not provided for in the code and the common law.

Mr. CANNON: The Criminal Code provides for that.

Mr. BENNETT: The criminal law is that body of criminal law which comes to us both by statute and by common law, and the provisions of the criminal law that come to us under the common law are not in the code. Section 41 this House is now asked to pass is the section that deals with part II of the Criminal Code. Unfortunately there is a series of offences that are offences against the common law, and we have not provided for them in section 41.

Mr. LAPOINTE: Oh yes.

Mr. BENNETT: The Criminal Code means just what it says, and criminal offences at common law, such as sedition, treason, conspiracy, and so on, are dealt with by the code; but it has been held that the old principles of common law with respect to the criminality of certain acts still prevail in this country. But all I suggest is that under this bill we are taking away the operation of the law against a number of offences because by repealing section 119 we are substituting the common law. Therefore if we propose to make the whole body of criminal law of Canada apply, that is, including the body of criminal law which is not part of the enactments of this parliament, contained in chapter 146—the Criminal Code of Canada—we should provide by common law, or by part II of the Criminal Code, for such offences.

Mr. STEWART (Edmonton): Does my hon. friend suggest the insertion of the words, "common law" in part II of the Criminal Code?

Mr. BENNETT: If my hon. friend the Minister of Justice is correct in his statement.

Mr. CANNON: It would be laughed at.

Mr. BENNETT: The Solicitor General says it would be laughed at. I say to him that within the four corners of the statute there is no provision for dealing with sedition at common law. If sedition at common law is an offence, the indictment will be drawn up against the peace of our said lord the king. Then will follow the description of the offence, not in violation of any section

of this code but in violation of the common criminal law of this country, and unless you can name the section under which you frame an indictment and which will come within the sense of the common law, it is then an offence covered by section 41.

Mr. LAPOINTE: I still maintain that all offences coming under sedition are covered by part II of the Criminal Code, sections 132, 133 and 134. My hon. friend says the code does not refer to common law; certainly it does not, because it has always been found better to give the offence of sedition a wider meaning than its strict interpretation, and this applies in England as well as in Canada. I remember hearing the hon. member for South Wellington (Mr. Guthrie) make a speech in connection with this matter in a very effective way.

In England, when they drafted the Criminal Code, the commissioners inserted a definition covering in part what is mentioned in section 41 of the Immigration Act, but the English parliament refused to accept that draft, preferring to leave the offence of sedition to be interpreted under the common law as has always been the practice. As I have said, it covers any offence which might create conflict between the subjects of His Majesty, between the classes of the community, or offences against the crown. The same thing happened in Canada; when our Criminal Code was drafted an effort was made to define sedition by inserting such words as these, but the parliament of Canada also declined to accept the draft, preferring to follow the British way of interpreting sedition, which has been the law in Canada up to the present time. Every one of the things my hon. friend has mentioned would come under the offence of sedition, and a man guilty of them would be convicted by a judge and jury.

Mr. BENNETT: But not under this section.

Mr. LAPOINTE. If my hon. friend will permit me to finish. I do not think there is anything to complain of in this legislation. I am quite free to agree that under the circumstances which existed in 1919 when the law was enacted there was justification for the law, but apparently it has created a grievance; it has been offensive to various classes of labour—

An hon. MEMBER: What class?

Mr. LAPOINTE: The Trades and Labour Council, for instance, and there is no better class of people in Canada than the labour unions. The hon. member for Pictou (Mr. Cantley) says no, but I know better. I have been a member of the committee of the government which has received delegations from the Trades and Labour Council every year coming to make their recommendations, and this has been a thorn in the flesh of labour since 1919. They may be mistaken but they are afraid that it may work against them in some way, and have asked that an amendment be made making it clear that a man should be convicted before being deported. I really do not think there should be so much opposition to this piece of legislation.

Mr. CANTLEY: May I ask the minister if he knows any case of hardship which has occurred under the provisions of the act during the last three or four years?

Mr. LAPOINTE: I do not.

Mr. CANTLEY: Then why are we dealing with something under which no hardship has occurred? The act has been in force for some time and no hardship has been done. There are men in this country who should have been deported but who have been allowed to remain.

Mr. LAPOINTE: The hon. member for Pictou may be right; I do not know of any hardship being done. But on the other hand if the law were not used, if the circumstances did not necessitate application of the law, why keep it when it is abhorrent to an important part of our population?

Mr. CANTLEY: The hon. gentleman says he knows of no case of hardship, and that the act was justified a few years ago. I would suggest to him that it might be well to ask those people who request a change to show that hardship has been done under the act before we remove a piece of legislation which safeguards the interests of this country. In my judgment there never was a time in the history of Canada, including the period directly after the war, when legislation of this kind was more necessary that it is to-day.

Mr. LAPOINTE: We are at peace to-day.

Mr. SUTHERLAND (South Oxford): I inquired of the minister a few days ago, when this matter first came up, as to who were making the demands for this legislation. Since that time I noticed in the Toronto Saturday Night of June 5, 1926, a full page article in connection with the activities of the communists in North America and also in Europe. Reference is also made to the Department of Labour in Canada in connection with this matter, and great pains are taken to show that the Federation of Labour in the United

States and in Canada is absolutely opposed to the principles advocated by communists. So I want it distinctly understood that in referring to these matters I am not casting any reflection on our labour unions. The minister says that in 1919 this legislation might have been necessary, and so far as I have been able to observe no fault has been found with the minister or his department in connection with those cases which have come before the officials in charge of this matter.

Mr. STEWART (Edmonton): My hon. friend is misquoting me. I said that in almost every case of deportation we received representations against that action. No one likes to be deported, and the friends of the person so treated are particularly opposed to it.

Mr. SUTHERLAND (South Oxford): In this article reference is made to a case which took place in Winnipeg on May Day, as follows:

For making a derogatory reference to the Union Jack at the May Day celebration in Winnipeg, Jack Gregg, who spoke on behalf of the Young Communist League, was deported, as were his parents and family.

Naturally these people would be very much put out about it, but apparently the officials of the department regarded this as a serious offence and thought this man and his family were not desirable citizens. Rather than give these people the dignity of a trial before a jury, with all the delay and costs which might be entailed thereby, I think some confidence should be placed in the officials who are on the ground and in touch with these people and their activities. I would further like to quote a statement made in this article to this effect:

The aims of communists the world over, and the close connection with Russia of Canadian communists, are clearly shown in the fifteenth annual report by the Department of Labour on "Labour Organization in Canada." On another page of this section there is a review of that publication. The section dealing with revolutionary labour organizations is especially pertinent to the subject of this article as it traces the direct connection between Canadian communists and the Red International of Labour Unions, which was founded in July 1921 through the efforts of a revolutionary body known as the Third (Communist) International, itself only organized at Moscow in 1919.

In the year that this legislation was enacted, this organization was formed in Moscow. It goes on:

The objective of the Third International, says the Department of Labour report, is to organize the working class for the overthrow of capitalism, the destruction of the bourgeois state and the establishment of the dictatorship of the proletariat. According to the theses of the Communist International, the trade unions represent the most important form of mass organization of the proletariat, and in order to propagate the communist doctrine in these bodies the Red International was established. The Canadian representative of the Communist International is the Communist party of Canada, which was formed on February 17, 1922.

Three years after this legislation was put on the statute book, this organization was organized in Canada, and the minister states that it is only by reason of the influence exercised by some of the friends of these people that complaints have reached the department. I wish the minister would pay some attention to the next paragraph.

Mr. STEWART (Edmonton): I have read it all.

Mr. SUTHERLAND (South Oxford): It goes on:

Among the immediate demands of the Communist party, as adopted at the 1925 convention—

That is the convention held here in Canada:

—is the repeal of all anti-labour legislation, sedition laws, deportation clauses, and so forth.

In other words, it is this very clause that these classes of people who are organized in this country are making demands upon the government to have repealed. This was the matter I referred to the other day when the Prime Minister became so indignant when I spoke of two members of this House having waited upon him on the 28th of January, and having obtained a letter from him which was placed on the records of this House, and in connection with which they afterwards boasted of the favourable conditions which prevailed in this House making it possible to secure legislation of this character. I ask hon. members to be very careful with regard to repealing legislation at the behest of people who are actuated by views of this kind. The situation throughout the Dominion of Canada, and indeed throughout the world to-day, is not such that we should give these people a free hand to do as they like. I think the safeguard which we have is the competent officials of the department who are in touch with these people, and who will see that they are deported from this country rather than take the chance of securing their release after the long delay and expense of a trial before a judge and jury.

Mr. WOODSWORTH: I thought we had settled the Winnipeg strike the other night. However, as hon. gentlemen have brought it up again, I would like to add a word or two in this connection. I cannot agree with the Minister of Justice when he says that this legislation was necessary in 1919.

Mr. LAPOINTE: I said it may have been justified.

Mr. WOODSWORTH: I quite understand the minister's position, but I do not want such a statement to go abroad unchallenged because some of these days we hope that all the facts in connection with the Winnipeg trouble will come to light, and when they do, it will be clear that there was then what might almost be described as a conspiracy against labour.

The CHAIRMAN: I trust the hon. member is not going to enter into a discussion of the Winnipeg strike.

Mr. WOODSWORTH: No, Mr. Chairman, but statements have been made here this afternoon regarding it, and those of us who are attempting in any sense to represent labour have a right to answer general statements of this character.

I would just say that at that time the press reports were of such a character that they absolutely misled the general public as to what took place, and I do not much wonder that hon. gentlemen here, going upon the press reports, rather incline to take an altogether false view of what actually took place at that time. The hon. member for South Oxford, who has just spoken, used this phrase, and I think I should not have spoken again this afternoon had this phrase not been used: He spoke of giving these people "the dignity of a trial before a jury." Mr. Chairman, that is the reason a great many of us have been urging this legislation for some years. We believe that every man in this country ought to have the right of a trial by jury. We believe that it is the inherent right of people living in British lands that they should be given a fair trial. The design of the Immigration Act is to keep undesirable people out of this country, and with that I have every sympathy, but this act, on the contrary, permits the deportation of people from this country, not because they are undesirable in the Old Country, but because they have done something in this country that is said to be wrong. In this act we say, "Every person who by word or act in Canada—." Our position is that for crimes alleged to be committed in Canada there ought to be a fair jury trial, and that we ought not simply to allow departmental action with regard to the case. It is said that there has been no hardship with regard to this matter. I would point out again that in 1919, when the law was put on the statute books, a distinct effort was made to deport a number of Canadians to the Old Country without jury trial, and it was only because the common sense of the great masses of the people of Canada raised a protest against that kind of thing, that we did not have the deportation of a number of men. I should like to repeat what I said the other day, that among these men who were to be deported without trial was my colleague from North Winnipeg. Had this law been acted upon at that time, Mr. Heaps would have been returned to England without any trial by jury.

5 p.m.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: Hon. gentlemen applaud. That shows the views they have upon such a proceeding. Mr. Heaps came before a jury and was acquitted. Now I ask, do you applaud? Those who talk about British institutions would have a man deported that a jury in this country had declared to be innocent! Talk about British loyalty—flag waving! It was not merely the labour people, but the British-born people all over this country, those who had something of the spirit of British traditions, that protested against that kind of thing, and these men were not deported, but received jury trial.

Having that case before us, we feel very strongly that this kind of legislation ought to be wiped off the statute book. It is quite true that there are communist organizations in this country that are asking for the removal of this legislation, but it is also true that there are trades and labour unions, even of the most conservative character, that are asking for the removal of this legislation simply on the ground that we believe that this has the effect of depriving certain groups of people, for certain alleged crimes, of that right to trial by jury which we were all taught in our school days was the right of every British subject. If it were simply a matter of keeping out people who were undesirable, I would have nothing to say, but I do urge that when people are permitted to come into this country and to reside here for a number of years, and subsequently do something in this country that is against our laws, let them be deported, but first let them be fairly tried before they are deported. That is the plea we make, and I think if the hon. gentlemen who have objected could really understand what is involved in legislation of this character they could hardly ask that it be retained on the statute books of Canada.

Mr. HAY: I would like to ask the hon. member for Winnipeg North Centre a question. He referred to a man by the name of Heaps who would have been deported from Winnipeg but for the fact that he claimed

trial by jury. I would ask if that is the same man who was guilty of putting the Union Jack under the platform at a meeting in Winnipeg and hoisting in its stead the red flag.

Mr. WOODSWORTH: I believe that statement was made with regard to the hon. gentleman from North Winnipeg. I asked my hon. friend in regard to that the other day, and he said that what occurred was that both flags were deposited in a corner of the hall until the meeting was over. I think that is the actual fact.

Mr. CANTLEY: What was the red flag needed for in this country?

Mr. WOODSWORTH: I have seen a great many flags other than British flags in this country.

Mr. MacDONALD (Cape Breton): I have not the Immigration Act before me, but is the minister satisfied in his own mind that he is going to have authority to deport any person after section 41 is passed?

Mr. STEWART (Edmonton): Oh, yes.

Mr. LAPOINTE: Provided that the person is convicted.

Mr. MacDONALD (Cape Breton): Assuming a person is convicted of one of the offences set forth in section 41, where is the authority to deport him?

Mr. STEWART (Edmonton): In the same way where a man is convicted under the Narcotic Drug act—we go to the gaol, take possession of him and deport him.

Mr. MacDONALD (Cape Breton): But the section you are repealing contains the express authority to deport. It says: "shall be liable to deportation."

Mr. STEWART (Edmonton): Look at section 41 and you will find the same thing.

Mr. MacDONALD (Cape Breton): We are dealing with section 41, and I am assuming that you are attempting to deport him. He takes proceedings under habeas corpus and comes into court, and you have to justify your deportation. Where do you get your authority to deport that man? Section 40 does not apply to this case at all.

Sir HENRY DRAYTON: I think my hon. friend should undertake to look into that. We have had a whole lot of heat in the discussion of this section which I think is entirely out of place. This is confirming the government's position, I understand. That position is that there is no change whatever in the law as to the offences. And all we are saying is that before people can be deported from this country for doing certain things they must be convicted of the offence. I raise no issue there at all. As I said the other day, we are merely changing procedure and we are not now making legal things which otherwise would be a crime. My hon. friend from Calgary has made a point which has a great deal of merit, I think, having regard to the elimination of crimes for which people may be deported. If hon. gentlemen will look at the bill they will find that the only crimes for which people may be deported are offences as defined in part II of the Criminal Code. It is perfectly true, as has been pointed out, that we have crimes which are only crimes under the old common law, indictable crimes and crimes against society. I do not think anyone here wants to keep a convicted criminal. I think my hon. friend from Winnipeg North Centre will agree with that, and I would suggest, so that there may be no question as to what we are doing, that we simply say that no one except a convicted criminal shall be deported. We might make it read:

Whenever any person other than a Canadian citizen has been convicted of a criminal offence, it shall be the duty—

And so forth. That would mean striking out the limiting words.

Mr. STEWART (Edmonton): I was just waiting to make that proposal—with the addition after the word "offence" of the words, "as defined in part II of the Criminal Code."

Mr. MacDONALD (Cape Breton): And would you add the words "shall be liable to deportation"?

Mr. STEWART (Edmonton): No, deportation is already provided. There is no question that we have authority to deport any person who is convicted by the courts of any crime in Canada, and who is not a citizen of Canada.

Mr. CANTLEY: I hope the hon. member will withdraw that amendment. I hold that no injustice has been done to anybody in the past. No honest workingman has anything to fear from legislation as it exists. In some sections of this country murders have been committed and nobody has been brought to justice for them. Nobody has been convicted, and I doubt very much whether,

under those circumstances, you could convict in those localities under the bill as you propose to make it. It has been thought to be a necessary measure of protection. Why not leave it as it is?

Mr BENNETT: If section 41 is referable to section 40, then obviously it is not necessary, because section 40 says that whenever any person, other than a Canadian citizen or person having Canadian domicile, shall be convicted of an offence of any kind, it shall be the duty, and so on.

Mr. LAPOINTE: I agree with that.

Mr. BENNETT: Then section 41 is of no value at all, or it should be linked up in some way with section 40.

Mr. CANNON: Section 40 covers the case.

Mr. LAPOINTE: I agree that section 40 would cover the case, and the only purpose of the bill would be to repeal section 41.

Mr. BENNETT: The new section is of no value at all.

Mr. LAPOINTE: It is a repetition of section 40. There can be no conflict there, because any person who is not a citizen of Canada can be deported.

Mr. STEWART (Leeds): Is there any limited time in reference to that?

Mr. STEWART (Edmonton): No. The only thing I would suggest is that in case of conviction they be deported before serving the term of punishment, but that is not usually done.

Mr. STEWART (Leeds): Any limit of the term of citizenship?

Mr. STEWART (Edmonton): Five years.

Mr. STEWART (Leeds): Can he be deported after he has been here five years?

Mr. STEWART (Edmonton): Absolutely.

Mr. STEWART (Leeds): After he has been here five years you cannot deport him. Your department gave me that information.

Mr. SUTHERLAND (South Oxford): The minister has admitted that the section is quite unnecessary.

Mr. STEWART (Edmonton): He did not admit anything of the kind.

Mr. SUTHERLAND (South Oxford): But section 40 covers the case.

Mr. STEWART (Edmonton): I did not admit anything of the kind.

[Mr. Cantley.]

Mr. SUTHERLAND (South Oxford): If my hon. friend would please keep his seat I might say a word. It has been admitted that this section is not necessary, or that this bill is not necessary, and that section 40 of the Immigration Act covers the case referred to. The object of the bill is to make a distinction between certain classes of offenders mentioned in section 40 of the original act. There are half a dozen offences for which a man may be deported, but those guilty of sedition are to be permitted the dignity of a trial before a judge and jury. This is the matter to which I was referring, and if the statement that section 40 covers that is not correct, the bill might very well receive further consideration at the hands of the government.

Mr. STEWART (Edmonton): I have no objection to any observation which my hon. friend may wish to make, but every time he rises he takes the opportunity of putting into the minister's mouth statements which the minister never made.

Mr. SUTHERLAND (South Oxford): The present minister will remember that there are other ministers.

Mr. STEWART (Edmonton): That is all very well, but if my hon. friend will withdraw the statement about the minister I shall be quite satisfied. On three different occasions the hon. member has taken the opportunity of making such statements, purely, in my opinion, for the purpose of getting them on Hansard. I take exception to that.

Mr. SUTHERLAND (South Oxford): I am sure the Acting Minister of Immigration will realize there was a minister speaking immediately before he spoke.

Mr. STEWART (Edmonton): My hon. friend did not say "minister." He said "the minister."

Mr. SUTHERLAND (South Oxford): Yes. I said "the minister." He said: Section 40 covers the case.

Mr. LAPOINTE: But we must keep the bill in order to repeal section 41. I am quite willing to agree with the hon. member for West Calgary (Mr. Bennett) to allow the bill to read:

Section 41 of the Immigration Act, chapter 27 of the statutes of 1910, as enacted by chapter 26 of the statutes of 1919, is repealed.

The rest is certainly covered by section 40.

Mr. BENNETT: That is my view.

Mr. LAPOINTE: I am agreeable if the Minister of Immigration is willing to do that.

Mr. STEWART (Edmonton): I am always willing to take the word of the Minister of Justice.

Amendment agreed to.

Section as amended agreed to.

Bill reported read the third time and passed.

OPIUM AND NARCOTIC DRUG ACT AMENDMENT

Hon. J. C. ELLIOTT (Minister of Health) moved the second reading of Bill No. 152 to amend the Opium and Narcotic Drug Act, 1923.

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

On section 1—Persons to whom drugs may be sold.

Sir Henry DRAYTON: Will the minister shortly explain?

Mr. ELLIOTT: The effect of clause 1 is to make it impossible for a retail druggist to give narcotics or opium to any person without a written order.

Mr. MANION: I notice one of the side notes states:

> Unlawful to refill narcotic prescription except where preparation lawful in the first instance.

According to this bill is a druggist permitted to fill a prescription for a narcotic drug without the written order of a physician?

Mr. ELLIOTT: I think not.

Mr. MANION: By the note I would draw that conclusion. I have not had time to read the clause.

Mr. ELLIOTT: We are not altering that in any way. The whole change effected in section 5 is that that a druggist may not give any of the drugs referred to in this act without an order in writing. It is thought by those in charge of the administration of the act that this will assist in checking up and in attaching responsibility for violations. It is only to tighten up the act.

Mr. MANION: The note on the side is not well worded; it does not explain the point well. The clause itself is all right.

Mr. MURPHY: Under the act as it stands it is not lawful for a superintendent of a hospital to order any narcotic drugs or to have them in his or her possession. The act is very clear on that point; you can sell only to a doctor, a veterinary surgeon or a dentist. In this country there are many hospitals in which the superintendent is not a doctor, a veterinary surgeon, or a dentist; therefore, as I read the act, such a superintendent has no right to buy these drugs or to have them in his possession. In fact if a hospital has any narcotic drugs in its possession or in the possession of the superintendent, they are guilty of a criminal offence under paragraph (d) of section 4 of the act, which reads:

> Every person who has in his possession any drug without lawful authority, or manufactures, sells, gives away or distributes any drug to any person without first obtaining a license from the minister. . . shall be guilty of a criminal offence.

Section 16 of the act reads:

> Without limiting the generality of paragraph (d) of section 4 of this act, any person who occupies, controls or is in possession of any building, room, vessel, vehicle, enclosure or place, in or upon which any drug is found, shall, if charged with having such drug in possession without lawful authority, be deemed to have been so in possession unless he prove that the drug was there without his authority, knowledge or consent, or that he was lawfully entitled to the possession thereof.

The superintendent of a local hospital who has opium or narcotic drugs in his possession within the meaning of this act is guilty of a criminal offence. It is unlawful for him to purchase the drugs. I do not know how the superintendent of a hospital can either purchase or be in possession of drugs lawfully under this act.

Mr. ELLIOTT: The bill which is now under consideration does not affect the superintendent of a hospital. The superintendent is in exactly the same position after this bill is passed as he was before. He will probably come under section 3 of the act, which describes the persons to whom and the manner in which licenses are given for the handling and keeping of drugs. The whole object of the section now under consideration is to oblige the retail druggist—it applies only to the retail druggist—if he dispenses narcotics even to a veterinary surgeon, or a physician, or a dentist, to have a written authority properly verified.

Mr. MURPHY: How will the retail druggist under these provisions be able to sell drugs to a hospital?

Mr. ELLIOTT: He can sell only upon a prescription signed and verified.

Mr. MURPHY: He may sell to a doctor or a veterinary surgeon or a dentist, but why should he not have authority to sell to a hospital?

Mr. ELLIOTT: The doctor will probably prescribe for the hospital.

Mr. MURPHY: Not necessarily; and in any case a doctor can prescribe only for the individual patient.

Mr. MANION: The point is well taken, unless there is some other clause in the act to enable hospitals to obtain supplies. There is no doubt that in most hospitals the doctors prescribe for their patients, but the drugs are obtained from the hospital's supply. All hospitals have supplies of various drugs in their own pharmacies, and there should be some provision, if it is not already in the act, whereby they may obtain their requirements.

Mr. ELLIOTT: The hon. member does not suggest that they should get their drugs without the prescription of a physician?

Mr. MANION: The hospitals get their supplies now without any such prescription. The prescription covers, not quantities, but merely sufficient for the individual patient.

Mr. ELLIOTT: The hon. member will agree with me that the section has no reference to hospitals.

Mr. MANION: That is right.

Mr. ELLIOTT: Whatever rights the hospitals had before remain unaffected.

Mr. MacLAREN: This amendment applies only to the retail druggist?

Mr. ELLIOTT: Yes.

Mr. MacLAREN: I believe the hospitals obtain their supplies from the wholesalers.

Mr. MANION: Not always.

Mr. ELLIOTT: The hospitals are covered under a regulation and I do not think there has been any difficulty about their getting whatever supplies they require.

Mr. BENNETT: This section might, however, apply to hospitals. The hospital is not one of the "persons" to whom drugs may legally be given or sold.

Mr. ELLIOTT: The first part of section 5 is not affected, but we are amending the rest. Let me quote:

> Any druggist who gives, sells or furnishes any drug to any person—

This is the part which is affected.

> —other than any such physician, veterinary surgeon, dentist or druggist.

These are the only persons who can be affected by the amendment; it cannot possibly refer to the superintendent of any hospital.

[Mr. Murphy.]

The effect is that the physician, veterinary surgeon, dentist or druggist must give a written order, the object being that a check may be kept upon the sale of drugs.

Mr. BENNETT: But the effect is to prevent the hospital from getting narcotic drugs from the persons licensed under the act. It is a prohibition against the hospital.

Mr. ELLIOTT: No.

Mr. BENNETT: Let me read the section:

> Every person licensed under this act to deal in any drug, who gives, sells or furnishes any drug to any person, other than a duly authorized and practising physician. . . . shall be guilty.

The right to give, sell or furnish drugs is limited to the persons mentioned in the section, and the superintendent of the hospital is not among those persons. It follows therefore that drugs may not be sold to him. The point is well taken.

Mr. ELLIOTT: My hon. friend has not clearly grasped what is being affected by the amendment.

Mr. MURPHY: I contend that the hospital has not the right to purchase drugs, either under the old act or under the amendment now proposed.

Mr. ELLIOTT: We are simply legislating with regard to the terms upon which physicians, veterinary surgeons, dentists and druggists may obtain drugs from the retailer.

Mr. BENNETT: Every person licensed under this act who gives or sells drugs to a hospital superintendent is liable.

Mr. ELLIOTT: We are not affecting the present status of hospitals.

Mr. BURY: The point is that neither the act as it stands nor this amendment makes provision for the hospital.

Mr. MURPHY: I have no objection to this section going through, but the point I make is that the hospital is not in a position to obtain narcotics from the retail druggist.

Mr. ELLIOTT: Probably the hon. member is right, but the hospital is in the same position now as before.

Mr. MURPHY: I admit that, and that is the defect I want to have remedied.

Mr. BENNETT: Perhaps the section can pass and if necessary we can come back to it.

Mr. ELLIOTT: There is another point in regard to which there is some difference of opinion among medical men in the House. I refer to section 4, which I will ask to drop for the present. There is an idea that possibly

medical men's rights are being curtailed unduly. Having given the matter careful consideration I do not agree with this view, but it is advanced by a number of medical men, and the departmental officials submit that as no hardship could be experienced in the meantime the section might stand until another session. It is the intention to have the whole act gone over between now and next session with a view to meeting, if possible, the difficulties that have arisen in connection with prescribing.

Mr. MANION: Is the department having any difficulty with regard to retail druggists dispensing narcotic drugs without prescription? No retail druggist in Ontario would think of doing so.

Mr. ELLIOTT: To-day a retail druggist can do so without written order if he is dealing with a physician, veterinary surgeon or dentist. This section provides against the practice.

Mr. MANION: That part is all right, but in view of the very good objection taken to the clause, I would suggest that the bill be held over so that the minister may ascertain from Dr. Amyot if hospitals are provided for under this act. If that is the case, there will be no further difficulty. We do not want to get legislation on the statute books which will have to be repealed next session.

Mr. ELLIOTT: Dr. Amyot is at present attending the convention at Paris.

Mr. MANION: Well, his assistant.

Mr. ELLIOTT: His assistants advise me they have heard no complaints from the hospitals. The clause we are considering will have the effect of enacting what my hon. friend from Fort William thought had been the law right along—that a druggist should have an order in writing before dispensing these particular drugs.

Mr. MANION: I think that is done in Ontario to-day.

Mr. ELLIOTT: I think it is in most cases, but one or two cases have arisen where the druggist has said, "I do not need a written order if I am dealing with a dentist, a veterinary surgeon or a physician."

Mr. MURPHY: The minister has stated that he has heard of no complaints from the hospitals. That may be. But under the act the superintendent of a country hospital cannot legally purchase narcotic drugs unless this is provided for in the regulations, as suggested by the minister. At many country points the hospital superintendent is not a physician or a surgeon, but it is necessary that he have these narcotic drugs in his possession to treat emergency cases, where there would not be time to wait for a physician's prescription. In such cases hospital superintendents should have the legal right to purchase narcotic drugs, of course under proper safeguards. Nor should they be regarded as violators of the law when they have such drugs in their possession, as they apparently are under the present act as I read it. The minister has not explained that point at all. It should be made clear now we are amending the act.

Sir HENRY DRAYTON: Mr. Chairman, under the circumstances I think the minister would be well advised to move that the committee rise and report progress. He will no doubt have the required information this evening.

Mr. ELLIOTT: Perhaps we might get through with the other clauses, which are purely formal. I will undertake to look into the conditions under which hospitals are now permitted to obtain narcotic drugs and inform the committee when the bill is again under consideration.

Section 1 stands.

Mr. KAISER: Mr. Chairman, I rise to support the suggestion of the hon. member for Fort William. I should like to see this clause left over for a little further consideration. Medical men of the highest standing say it is utterly wrong to abruptly cut off drugs from the addict; they are of opinion that the better course is to wean him off gradually. In fact this is the only method of effecting a cure. I believe the medical men of the House should have a conference before this clause is passed.

Mr. BENNETT: May I suggest that the minister give careful consideration to Bill No. 22 introduced by my hon. friend from Vancouver North (Mr. Donaghy), providing whipping for those who violate the provisions of the act The observations made by my hon. friend from Oshawa (Mr. Kaiser) entirely support the purpose of that bill. There seems to be no form of punishment too severe for men who distribute narcotic drugs, especially when they seduce the youth of the country. I think that bill might well be incorporated by the government as part of this measure. Such a course I believe would meet

with public approval because when my hon. friend's bill was introduced it was spoken of in very high terms by the press of the country generally.

Mr. ELLIOTT: On looking over the act I find that whipping was provided for by an amendment passed in 1925, but it applies only—

Mr. BENNETT: To a limited number of cases.

Mr. ELLIOTT: —to the distribution of drugs to minors. I see no reason why the penalty of whipping should not be made applicable to all offences of drug distribution.

Sections 2 and 3 agreed to.

On section 4—Burden of proof and defence.

Mr. ELLIOTT: I ask that this section be withdrawn, Mr. Chairman.

Section 4 withdrawn.

Sections 5 to 7 inclusive agreed to.

Progress reported.

SPECIAL WAR REVENUE ACT, 1915

The House resumed from June 2 consideration in committee of Bill No. 115, to amend the Special War Revenue Act, 1915.—Hon. Mr. Robb—Mr. Duff in the chair.

On section 9.

Mr. ROBB: I understand that this bill was practically all passed in committee, a few days ago, with the exception of the preamble, and I desire now to move a slight amendment. During the conversations and debates on the automobile question it was represented to us that the automobile trade in Canada, in meeting competition in other countries, was somewhat at a disadvantage because of the higher selling price in Canada. Other countries have ruled that for customs purposes the duty should be on the basis of the fair market price in the country of origin. The automobile people said to us that they were unable to reduce the price because of the excise tax we impose, and I asked them, "Well, if I remove this excise tax to a degree will you give me a guarantee that you will pass that entire reduction on to the consumer?" I have under my hand a letter from the Automotive Industries of Canada dated June 5, 1926, which I desire to place on Hansard:

Hon. JAMES A. ROBB,
Minister of Finance,
Ottawa, Ontario.

Dear Sir:

I have discussed with the Canadian manufacturers of motor cars the effect of the proposal to eliminate the 5 per cent excise tax on cars which are 50 per cent produced in Canada (or 40 per cent produced in Canada until April 1, 1927).

I am authorized to state on behalf of the following firms—

Ford Motor Company of Canada, Limited,
General Motors of Canada, Limited,
Dodge Bros., (Canada) Limited,
Willys-Overland Limited,
Durant Motor Company of Canada, Limited,
Studebaker Corporation of Canada, Limited,
Chrysler Motor Company,

that immediately such removal of excise tax is announced, the delivered price to the public, on the cars which qualify for this exemption, will be reduced by the amount of the excise tax applying to such cars. This includes all the important manufacturers of passenger motor cars in Canada.

Yours very truly,
Automotive Industries of Canada,
T. A. RUSSELL,
President.

It will be recalled that when the Prime Minister spoke, one month after the budget was delivered, the books had been closed and we were able to show a surplus of three and one-half million dollars more than when the budget was presented on April 15. We will lose some revenue by this amendment which I am proposing, but what the government loses the consumer will gain, so I propose to remove the excise tax on cars costing $1,200 and under.

The CHAIRMAN: Mr. Robb moves in amendment to section 9:

9. Paragraph (a) of subsection one of section nineteen B of the said Act, as enacted by section fourteen of chaper forty-seven of the Statutes of 1922, is amended by adding thereto the following proviso:—

"Provided that the said excise tax shall not be imposed, levied or collected on automobiles specified in item (a) of said schedule I adapted or adaptable for passenger use valued at not more than twelve hundred dollars each;

"(ia) when such automobiles are imported into Canada before the first day of April, 1927, from any British country the goods of which are admitted to the benefit of the British preferential tariff, when at least forty per cent of the cost of producing the finished automobile has been incurred in such British country; or

"(ib) when such automobiles are imported into Canada on and after the first day of April 1927, from any British country the goods of which are admitted to the benefit of the British preferential tariff, when at least fifty per cent of the cost of producing the finished automobile has been incurred in such British country; or

"(iia) when such automobiles are imported into Canada before the first day of April, 1927, from any foreign country the goods of which when imported into Canada enjoy most favoured nation treatment under the provisions of a treaty or convention, when at least forty per cent of the cost of producing the finished automobile has been incurred in such foreign country; or

"(iib) when such automobiles are imported into Canada on and after the first day of April, 1927, from any foreign country the goods of which when imported into Canada enjoy most favoured nation treatment

under the provisions of a treaty or convention, when at least fifty per cent of the cost of producing the finished automobile has been incurred in such foreign country; or

"(iiia) when such automobiles are produced or manufactured in Canada before the first day of April, 1927, when at least forty per cent of the cost of producing the finished automobile has been incurred in Canada; or

"(iiib) when such automobiles are produced or manufactured in Canada on and after the first day of April, 1927, when at least fifty per cent of the cost of producing the finished automobile has been incurred in Canada.

"Provided further that there may be paid to the automobile dealer or agent a refund equal to the amount of excise tax actually paid by the dealer or agent under the provisions of this subsection on such automobiles new, unused and unsold in the possession of the dealer or agent on the eighth day of June, 1926."

This section shall be deemed to have come into force on the eighth day of June, 1926, and to have applied to all automobiles described in this section imported or taken out of warehouse for consumption on and after that date and to have applied to goods previously imported for which no entry for consumption was made before that date.

Sir HENRY DRAYTON: I would like to ask the minister, before I make one or two remarks, whether I correctly understand the meaning of the amendment on hearing it read. I take it that the luxury taxes are wiped out in regard to those automobiles of which a certain percentage is manufactured in this country.

Mr. ROBB: And other countries.

Sir HENRY DRAYTON: In countries enjoying preferences, as for example Great Britain and our sister dominions.

Mr. ROBB: Yes, and other countries with which we have conventions. This is for automobiles costing under $1,200 only.

Sir HENRY DRAYTON: Well, Mr. Chairman, we have now another link in what has been found necessary in building up the fences which were destroyed. We had the spectacle the other night of the Minister of Customs, after referring to the privileges already given to the automobile manufacturers and dealers, particularly as regards parts, admitting that this sort of thing had to be done. The damage had been done and, of course, they wanted to make the damage good as much as they could. We are just now coming to that point where it is perfectly clear that what has been done must be undone, that something must be done in order to keep the Canadian workman working, and the way to do it is to have protection, not under the name of protection, but to have the remission of excise tax which will apply merely to machines made here, to machines made in the Mother Country and in the sister dominions, and in other countries that enjoy the most favoured nation clause. But so far as the one place from which we have competition is concerned, namely the United States, the excise tax will continue. Well, I have no doubt that the government have found it absolutely necessary to do this. I have no doubt in the world that they take this step regretfully, but it always goes the same way—it always must go the same way. When any government take a step absolutely in the dark affecting a large Canadian industry, sooner or later they realize that there is one claim that one section of the country has upon this Dominion, and that is the workingman. He must be looked after. Why, we had the same thing in connection with the agricultural industry. We had changes there, drawbacks, free duties, exemptions from the sales tax, and all that sort of thing, to keep the industry going. Now we are seeing the same thing in connection with the automobile industry, just exactly as was pointed out. I am not blaming my hon. friend for now discovering what he ought to have known so much sooner. I am not blaming him for this tardy recognition of what ought to be the first duty of government, namely, the question of a job for the Canadian workingman. That is all it was. It never had anything to do with the question of the manufacturer per se. The manufacturer per se, whether he be Ford, Canada, or Ford United States, has the market. The manufacturer, General Motors, whether it be General Motors, Oshawa, or General Motors, Detroit, or anywhere else, has the market. The difference was this: In the one instance the Canadian worker got the job; in the other, he did not. Therefore I do not blame my hon. friend for this belated recognition of what ought to be the very first consideration in any one of these fiscal questions.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Sir HENRY DRAYTON: Can the minister tell me what amount of revenue the country will lose by this amendment?

Mr. ROBB: That of course will depend upon the business that is done. On the basis of the business of 1925 we will lose $1,752,354 for the year; on the basis of the 1926 business we will lose $2,995,471 for the year. But my hon. friend will recall that the automobile men argued that the peak of the trade is over before the 1st of July, so that if they are right most of that business has already been put

through. My opinion is that the loss we will sustain in excise will be more than compensated for by the increased business. The more business we do the more sales tax we will collect. We will have additional business on whatever material they have to buy, and they have to import some parts upon which they pay duty.

Mr. BENNETT: Very few.

Mr. ROBB: Yes. Therefore I do not anticipate that there will be a very great loss of revenue.

Sir HENRY DRAYTON: When the committee took recess at six o'clock I was pointing out what had happened, and we all know it. The government tried again their apprentice hand, without waiting for their newly-constituted tariff board to tell them what to do. They jump in and make just as big a mess of this as they did of the agricultural implement business. Just as they fixed up the agricultural implements, they are fixing up this matter. At the time the budget was brought down the opposition said that no proper care was being taken of the activities and the like of the Canadian worker. We were laughed at in certain quarters of the House. To-day, in order to keep the Canadian workman functioning, we have got to make a present of over a million dollars, a million and three quarters perhaps, or a million and a half, to the automobile business. We would not have had to make that present to keep them going if this matter had been approached as we thought it should have been approached, temperately and properly, and not with a view to making a slash without knowing what was being done, just like so many elephants running amuck. Hon. members realize the justice of the simile. They heard about the elephant that went amuck and the damage he did and the cost of repairing it.

Mr. POWER: I was thinking of the crocodile.

Sir HENRY DRAYTON: A crocodile can do considerable damage as well. My hon. friend may have had an intimate experience with crocodiles. I leave that interesting question with him. But the fact is that we are to-day making contributions from the public treasury to keep going—what? To keep the factories going and to give employment to the automobile workers, and the government are convinced that they had to do it. They are not doing this for fun. They are not turning round and saying in effect, "Everything that has been said about this is true; we did not know what we were doing; we were making cuts that the business could not possibly stand." They are not doing that for fun. They have not turned round and put automobile parts and that sort of thing in some instances on the free list for nothing. They are not giving a discount of 25 per cent of the duty on automobile parts for nothing; they are not cancelling the luxury taxes on automobiles for nothing. They are doing it simply and solely because they find that they have made a mistake in connection with their budget announcement, and you know, Mr. Chairman, they are doing it in the light of very, very recent information. I wonder how often the government have said during this session that there were to be no more amendments to the budget. I wonder how often my hon. friend has said that there will be no changes. This question of the luxury tax was brought to his attention and to the attention of the Minister of Customs, but absolutely nothing was to be done. They are not doing this lightly. They are doing it because they have either got to do it, or there will be to a large extent a removal of automobile activities from this country.

Now what have we been doing? Let us see what sort of tangled web we weave when we mix with something we do not know anything about. What have we done? We made a cut in the smaller automobile duties from 35 to 20 per cent, and made a cut in the more expensive automobiles from 35 to 27½ per cent. I never said anything for or anything against the cut of 27½ per cent in the more expensive cars. It is some time since I have gone into the cost of manufacture and some time since I knew what proportion was represented by Canadian labour of every dollar in that business, profits and the like, or how much is taken from the business for the purpose of looking after the country and the country's revenue. My recollection was, and my opinion would be, that 27½ per cent was a sufficient duty on the more expensive automobile. The more expensive automobile has been helped by the refund of duties on the parts and by the free admission of materials not made in this country. But in the case of the other car, after all these weeks of uncertainty, all this talk and all this turning upside down of the business of the country, where are we? We had a duty of 35 per cent on the small automobile. Hon. gentlemen to my left who are particularly interested in the Ford car received startling information as to how small a reduction could be secured for that car as a result

of the tariff changes and how much prices depend not upon tariffs, but upon business arrangements, patents and the like. They also learned how when shooting at the manufacturer through the tariff, they were looking up the wrong end of the gun and the kick they got from that end more than offset any slight advantage they got out of the right end of it.

We have had all these weeks of uncertainty, for what? In the first instance there was a duty of 35 per cent upon the cheaper cars. To-day we are first taking off the luxury tax on the car imported into this country from countries whose production does not enter into competition with that of the Canadian manufacturer, taking off where it does not hurt, taking off where it is not needed for protection. Second, we have taken the luxury tax off the product of the Canadian manufacturer but we have left it on where the real competition comes in. When we practise protection, would it not be much better if we practise it honestly? When we speak about protection we should refer to our tariff. It would be ever so much better to keep Canada and the homes of our Canadian workmen functioning instead of shutting them up. We might as well be honest with ourselves and find out what we are doing. We take off that luxury tax from the Canadian car; we maintain it as against the United States car, and by so doing we raise the tariff of 20 per cent which we have to-day to 26 per cent and even more. That is calculated upon the wholesale value of the car in this country, so that really we are raising the tariff to 27 per cent in connection with the luxury tax. In that way we now have an additional protection of 7 per cent, not under the name of course, of protection, not a protection which can be read upon the pages of our tariff, but a devious protection through excise, a method of taxation which in the past has been a tax not for protection but merely for revenue. Over and above that we have further losses in our revenues made by 25 per cent rebates on raw material in some instances and in others free importation of raw material. To-day we have a result that will give a protection as I figure it out of about 30 per cent in connection with the smaller car. I admit it is very difficult to figure it out properly, but it is not far short of 30 per cent. When I talk about protection I mean the 27 per cent in connection with our tariff of 20 per cent and the luxury tax of 7 per cent. An equalizing of values of cost of production looks after the balance.

Mr. COOTE: I did not understand what the hon. member said about a 7 per cent tax. Would he explain that?

Sir HENRY DRAYTON: There are two sides to this question. Protection may be either direct and honest or indirect. We have a direct tariff of 20 per cent and we have an indirect tariff which on the full value of the $1,200 car will mean another 7 per cent in connection with the luxury tax which will be paid by the United States car coming in and which will not be paid by the Canadian manufacturer. That makes 27 per cent. As regards the difference between 27 and 30 per cent, that is not a question of protection one way or the other; it is a question of reducing the cost to the manufacturer, but of doing so at the expense of somebody else's protection when we have a rebate of 25 per cent upon some parts and free importation of others that are required in the manufacture of automobiles. I may be slightly out in my calculation as to the 3 per cent, but I think it will be found to be a very reasonable percentage. On the other hand I admit at once that we shall get cheaper automobiles; we shall have a further large percentage of people of this country who will be able to buy automobiles. We shall have further traffic congestion and the like, but we shall get dearer other things. Something has to pay the tax; if you take it from the shoulder of one, you put it on the shoulder of another.

Mr. GARDINER: Economize.

Sir HENRY DRAYTON: The hon. gentleman says "economize." We have not had very much help from him in attacking the estimates this year. I hope he will suffer a change of heart and we shall be able to get a good deal of help from him later on. Be that as it may, we shall have cheaper automobiles, and to the people of the country who are interested in cheaper automobiles that will be a source of satisfaction. But we pay for this; we are paying for it from the country's revenues; we are paying for it by giving up revenues which we now have. We have before us an extraordinary spectacle. We have the government with its budget proposals, with its answers not week after week but at one time practically day after day that there would be no changes; that the government had stated its proposals and it was going to stand by them. On the other hand we have these changes. If this teaches us one thing it may be of some help to us. If it teaches us how little the House and the country can depend upon the word of

this government, perhaps all this fuss and turmoil have not been in vain. Can hon. gentlemen suggest anything that would be more instructive?

Again—but I despair of this thought—if the experience of the past two months plus the experience of the government in connection with what they did with regard to agricultural duties will really open their eyes and show them that they are entering on a difficult field when they make a snip here and a snip there, and that they should first know what they are doing before they try to do it, all the fuss and trouble of the past few weeks will not have been in vain.

Mr. GARDINER: Before the committee rose at six o'clock the minister proposed an amendment to this bill. He also read a letter from an officer of the automotive industries organization, stating that if this tax were remitted the price would be decreased to the consumer. I have no reason to question the good faith of the automobile manufacturers' association, but I would ask the minister what steps he intends taking to remedy the situation in case the tax is not remitted as promised in that communication. The hon. member for West York said a moment ago that the remission of this tax would make a difference of 7 per cent altogether. I take it that the tax is applied to the wholesale price and if the manufacturers carry out what they propose in their communication, instead of the industry benefiting to the extent of 7 per cent, that advantage will be with the consumer. I do not think that the hon. member's criticism is altogether correct.

Sir HENRY DRAYTON: The basis on which the luxury tax is assessed is the wholesale value of the automobiles manufactured in Canada, and comparing this with the American basis of cost the 7 per cent I have suggested will be found to be correct. There is a great difference in the basis of valuation.

Mr. GARDINER: If the excise tax applies to the wholesale price naturally this increases the price to the retailer, who must make a profit on the amount of his investment, including the tax, so that by the time the consumer is reached he has to pay the 7 per cent extra. In the case of cars of $1,200 and under the consumer ought to benefit to the extent of the 7 per cent in the event of the tax being removed. In the case of cars of $1,200 and under, imported from the United States, and bearing the excise tax, the consumer naturally pays the 7 per cent, but so far as Canadian-made cars are concerned they save that extra cost.

Sir HENRY DRAYTON: I quite agree.

Mr. GARDINER: It is all right so long as we understand each other.

Sir HENRY DRAYTON: There is a saving to the consumer of that 7 per cent so far as cars from the United States are concerned. The consumer saves the 7 per cent at the expense not of the Canadian manufacturer but of the treasury.

Mr. BENNETT: The other evening, in the course of his speech in regard to the duties on automobiles, the Prime Minister declared that in reply to the gentlemen who had come from the city of Oshawa to wait upon the government he had referred them to chapter 19 of the Acts of the Apostles. And when I heard the Minister of Finance this evening intimate to the House that he had changed his mind, that notwithstanding his violent protestations that there would be no amendments in the budget—oh, no! he stood by his guns—I could not help thinking of the incident related in the Scriptures of the traveller who journeyed from Jerusalem to Damascus bearing letters from the high priest. It will perhaps be in the memory of my hon. friend that on his way that traveller beheld a shining light, from which moment, dated his conversion. There was a cry, "Saul, Saul, why persecutest thou me?" Now, the automobile industry cries aloud to the Minister of Finance in somewhat similar language, "Why persecutest thou me?" And, having caught the vision, this Saul of Tarsus has now become Paul the Apostle—Saul of Tarsus who threw stones at the martyrs and denounced protection and all its works. But a short time ago he saw nothing but evil in all the activities of this persecuted industry, and now, with his sudden conversion into the apostolic Paul, he is preaching the great truth that the Canadian workman must be employed. An hon. member suggests the name Paul the Protectionist. Well, our newly converted apostle realizes that Canadian industry must be protected, and this is his gospel to-night.

I congratulate the Minister of Finance upon his assumption of this new role. Saul of Tarsus, as I say, is now Paul the Apostle. But what after all must be his excuses, not only to the House but to himself? I sent to the library just now for the Book to which the Prime Minister referred the representatives of the persecuted industry that cried

aloud to him and to the Minister of Finance and I cannot find very much in the passage he cited to suggest a solution to the problem which we must consider. It says that the Jews blasphemed his doctrine, which was confirmed by miracles. It occurred to me that possibly this was what the Prime Minister had in mind; no doubt he was conscious of a miracle in the government's conversion. I congratulate the Prime Minister and his colleague. But, Sir, this country is more to be congratulated. There were those amongst us on this side of the House who believed that the very fabric of our industrial structure was likely to be destroyed by the tariff measures introduced into this House by the government—measures which, according to the Minister of Finance, were a concession to widespread sentiment in the country. That widespread sentiment, we contended, should not be given effect to unless it were found to be based upon sound economic reasons. Yet day after day and night after night, as the budget debate proceeded, the Minister of Finance asserted in his place that there certainly would be no changes in the tariff resolutions. The conclusion to which he had come was so sound that nothing could induce him to change it. Has the hon. gentleman suddenly beheld a great light? As the days have passed has some bright star illumined his path? It must be this. One of two things has happened: he was either wrong when he made the revision in the tariff which he did in his budget, thereby threatening the livelihood of Canadian workmen, or he was right in taking that course. If he was right, then he should yield to no pressure that may be brought against him, especially after his emphatic protestations that he would never give way. We on this side of the House ventured to believe that the Minister of Finance would yield.

I am sorry the right hon. gentleman who leads this party is not in his seat to-night: he would do justice to this occasion. It will be within the memory of everyone sitting here tonight that day after day as the House assembled, while the budget was being discussed, the leader of the opposition asked the Minister of Finance whether any changes were contemplated. While my hon. friend from West York was speaking a few minutes ago I turned over the pages of Hansard wherein I saw that my right hon. leader was quite insistent in putting this question to the Minister of Finance. Time and time again the same query was put: Are there to be any changes? And what was the reply? There was a stout assurance on the part of the Minister of Finance that there would be no changes except with respect to procedure. There might be some trivial alterations in minor matters, but there would be no change at all in principle. Now, what about hon. gentlemen to my left? What about hon. gentlemen from the province of Saskatchewan who pounded the tops of their desks so lustily a few days ago? Where now are those hon. gentlemen? Where is the youthful member for Moose Jaw (Mr. Ross) who, in this reduction in the duties on automobiles, saw a new light in the fiscal firmament? Where is the hon. member for Yorkton (Mr. McPhee), whose vociferation found expression not only in a noisy pounding of his desk but in vehement speech as well? Has he forgotten his most vociferous observations about the atrocious crime of being a young man? Where are all these gentlemen now? And then when I look down towards the leader of the Progressive party and see his calm benignant smile, I realize that he has once more accepted, for the sake of the party, the measure that is now being introduced. But it has its pleasing side I recognize. The other evening the Minister of Customs tried to save the face of the Minister of Finance when he introduced his little measure looking towards the amelioration of the manufacturers, but when he found the House not disposed to take very kindly to it he withdrew the measure. It remained for the iron to enter into the soul of the Minister of Finance. He had to make the great choice. I am happy to say he chose what will benefit the Canadian workmen rather than accept the worn-out policies and shibboleths of hon. gentlemen to my left. I think to that extent his choice must be a matter of pride to all Canadians. Why, it is pleasing even to the heart of the gentleman from Maple Creek (Mr. Spence), who was so disturbed with respect to the steel duties as to send an advocate to appear before the tariff board. He too cheers as he realizes that the cause of the Canadian workmen has not fallen upon deaf ears. It is pleasing to think that the Minister of Finance has heard the voice; and, having heard it, we all welcome his conversion. You remember, it was not only his own countrymen who welcomed the conversion of Paul, it was also the Gentiles; and he rejoiced that he was sent to teach the Gospel not only to the Jews but to the Gentiles. So we on this side manifest our joy at the conversion of the Minister of Finance. It is a pleasing spectacle not alone to the Conservative party, but also to the Canadian people generally.

In days gone by almost every member who sits to the left of the Speaker ventured to point out in the best way he could what the effect of the reduction of the tariff on automobiles would be. The other evening I ventured to point out, for instance, the effect of the tariff reductions on the agricultural implement industry. Some of my figures were questioned. I find now by looking at the Canada Year Book and the bulletin of the Bureau of Statistics that while in 1919 we had 88 establishments, in 1923 they had fallen to 67 and in 1924 to 63. In 1919 the number of employees was 11,036, in 1923 this figure had dropped to 7,792, and in 1924 there was a further reduction to 6,700. The value of products was $37,000,000 odd in 1919, in 1923 had fallen to $36,000,000, and in 1924 it was practically the same. Some objection was made to my figures with respect to imported goods, yet I find that for the eleven months ending February 1925-26 we imported duty-free $1,786,703 worth of rolled iron and rolled steel for the manufacture of agricultural implements and machinery which previously had been made in Canada by Canadian workmen. It is just that state of affairs which makes business in this country so uncertain. It is just the condition we have been undergoing during the last six weeks that makes business men hesitate to put their money in new ventures. They wonder which industry is to be struck next, and when, after being struck, is the Minister of Finance again to be converted. This conversion cannot go on forever, you cannot have new conversions day after day. There are of course those who believe there is always a chance for the backslider to be reached and converted. But it is better not for us to undergo this uncertainty as to the tariff.

I put this to my hon. friend the Minister of Finance: What did he mean when he answered the right hon. leader of this party that there would be no substantial changes in his budget announcement? Did he mean it or did he not? If he meant it does he now say he was wrong; or was he right and has since yielded to pressure? If he was wrong, he should be prepared to say: We undertook to reduce the tariff to the point that meant unemployment to Canadian workmen, that meant ruin to Canadian industry, and now having found that to be the case we come back to this House and admit we were wrong. That is the right method for him to pursue. But what is the method pursued here to-night? I say first of all that every member of this House should have an opportunity to study the amendment. It should be printed and in the hands of every member so he may understand what it means. Not until to-morrow will he have a chance to study it in Hansard.

What does this amendment mean? If I understand it correctly, it means that an automobile brought in from the United States will be assessed upon the duty, as well as the cost, a tax of 5 per cent. That is, if you buy an automobile for $700 in Detroit—about which my friend from Macleod (Mr. Coote) used to talk so long and learnedly—you will pay a duty which will now be 20 per cent, as I understand it; that is, $140, making a total of $840; then upon that you will pay a tax of 5 per cent, or $42, making a total of $882 for this $700 car purchased in Detroit. That is the wrong against which my friend from Macleod used to inveigh. I, like others in this House, felt the duty was too high, but what the amount of the reduction should be I was not, neither was any member in this House, in a position to say. Why? Because the principle of protection is so far-reaching that if you touch it at one point you may disturb other industries in the most remote sections of the country, as happened in the case of the reduction of the duty on agricultural implements. How is that to be met? By taking off the car manufactured in Canada the sales tax so that a Canadian car costing $900 which would have cost with the duty $945, is now to cost $900. That is the position. In other words, there is to be a duty of 5 per cent upon the car, and an extra duty of 5 per cent upon the car and the duty. Now the duty is 20 per cent. Five per cent on 20 is one. So instead of having a reduction of 15 per cent in duty, there is a reduction of 9 per cent, and 9 only. That is what happens. Do not let us have any misunderstanding about that. There is a 6 per cent duty, because the sales tax of 5 per cent remains upon the American car, and the 5 per cent is charged against the duty as well as against the price of the car. The duty being 20 per cent, 5 per cent upon 20 is one, and 5 and 1 make 6, so that the duty which this resolution places upon American cars is 6 per cent. Therefore the reduction of 15 per cent that was heralded from one end of the country to the other is now reduced to 9 per cent. I should like my hon. friend from Macleod to realize that—the duty is 9 per cent, not 15 per cent. These are facts.

For my part I am very glad that the Minister of Finance has done what he has done in the light of the knowledge he has obtained since he introduced this budget. Knowing as we did he must be convinced, he is now

convinced that 15 per cent reduction in the duty on small cars would wreck the automobile industry of this country. That is one of our most important industries. I was amazed on looking at the figures at the volume of business transacted and the number of people employed in it. During the last few years it has increased by leaps and bounds. I will not go over the amazing story because it has been recited so often in this House. But let it be remembered—and this is borne out by the investigations of the minister himself—that the tariff proposals made by this government have been injurious to Canadian industry and to Canadian workmen, and in nine cases out of ten the government has had to modify them before they became law. To-day there is no man in this House and there is no man in the country who will not rejoice that the hon. minister has changed his mind. We told him he would have to. The right hon. leader of this party pointed that out to him. He said: Before this debate finishes you will be bound to do it, because you dare not destroy that industry. I do not believe the Minister of Finance would dare destroy it; I do not believe any responsible minister or any government would dare to destroy that industry in this country, and it is because they dare not destroy it that this industry is saved to-night. But for this new 6 per cent duty the manufacturers could not compete one single hour in the production of cars brought in here of a value up to $1,200. Without this legislation it is cheaper to-day to import cars into Canada than to manufacture them here. The manufacturers have told that to my hon. friend; it has been published in their journals broadcast throughout Canada; it is known everywhere now, and this government has at least had the courage to show signs meet unto repentance, to quote the Scripture as the right hon. Prime Minister desired. And the fruits meet unto repentance are these, that the 15 per cent reduction in duty which has been announced from one end of Canada to the other has resolved itself into 9 per cent; instead of being 35 per cent the duty is now 26 per cent, 20 per cent of the customs tariff and this additional 6 per cent, exclusive of drawbacks. Why not be frank about it; why not tell the people of Canada that you started in to reduce the duty on automobiles by 15 per cent, and then discovered that you were all wrong and that it is now reduced to 9 per cent?

But that is not all; in addition to that there are the rebates, and what are the rebates? I have not the skill or the complete information which would enable me to work them out, but reading Hansard and applying my best knowledge, so far as I can ascertain it is fair to say that these rebates run all the way from 1½ per cent to 3 per cent, 2 per cent at any rate as a minimum. My hon. friend the ex-Minister of Finance (Sir Henry Drayton) who has given these matters consideration, says 3 per cent. Then, Sir, what have we? All that is left of this 15 per cent reduction which was broadcast from one end of Canada to the other, after the 6 per cent and the 3 per cent have been taken away, is 6 per cent.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Do not let us have any misapprehension about it; let us look it over carefully again. The day the budget was delivered the duty was 35 per cent. It was reduced by 15 per cent, leaving 20 per cent. Last week you added a rebate, which is another 3 per cent; to-night we add another 6 per cent, and when these two are subtracted we find that the reduction of 15 per cent amounts in fact to a reduction of 6 per cent. That is the story. Now let us go out and tell that frankly to the people.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: Oh, you members from Saskatchewan! How you will go out and make the welkin ring; how you reduced the duty on automobiles 6 per cent! And you are not sure about that, for peradventure, if the rebates operate as they may, instead of 6 per cent it will be only 5 per cent. And then, as has been pointed out, how much will be lost in revenue? The figures given a moment ago were $2,900,000; the year before the amount was $1,750,000, so we have nearly a $3,000,000 loss in revenue. Perhaps this will be the peak of the reduction, and that being so it may be that this year the loss will not be as much. But money has to be found; it was the present Minister of Finance who said last year that the money had to be found, and mark you; every application of $5,000,000 to rural credits; every application of $5,000,000 for old age pensions and every application of $3,000,000 for the Hudson Bay railway means a corresponding load upon the taxpayer of this country, whether he pays it in automobile tax or in some other tax; it must be paid. That is the thing to remember.

Then, arguing as I do and appreciating the position of my hon. friend, why would it not be better to tell our people, "We promised you we would reduce the duty on automobiles by 15 per cent, but when we found sentiment a poor master in economic matters

and that facts are a more powerful guide we changed our minds and instead of reducing the duty 15 per cent we have just reduced it 6 per cent, and we are not quite sure of that; it may be 5 per cent, depending on the drawbacks." Why not tell them so frankly? Why, Sir, on every single tariff item touched by this government for sentimental reasons the experience has been exactly the same as that of to-night. My hon. friend suggests that it was done for votes, and not for sentiment. Well, a deluded people will in the end wake up.

Take milk bottles; you will remember what the government were going to do in 1922. The duty was then 20 per cent, 30 per cent and 32½ per cent; they reduced it to 15 per cent, 25 per cent and 27½ per cent. In 1922 we imported $12,658 worth of milk bottles, but last year we imported $36,904 worth, in eleven months. What does that mean? It means less employment for Canadian glass factories; less work for Canadian workmen, and more taxes to pay by those people left in this country because of the others who went to find work elsewhere. Take dairy tin hollow-ware and kitchen tin hollow-ware. The duty was reduced in 1922 from 15 per cent, 22½per cent and 25 per cent to 12½ per cent, 17½ per cent and 20 per cent. In 1922 we imported these goods into Canada to the value of $11,135, while in the eleven months of last year our imports amounted to $60,517: In other words, we imported $50,000 worth of new goods which workmen in other countries fabricated while Canadian workmen were idle. Then take the next item, stamped and coated products. The duty was changed in 1922, with what effect? In 1922 we imported $868,286 worth of these goods, while in eleven months of 1925-26 our imports amounted to $1,634,876. Take unbleached cotton fabrics; in 1921-22 the duty was reduced from 15 per cent, 22½ per cent and 25 per cent to 12½ per cent, 22½ per cent and 25 per cent. In 1921-22 our imports amounted to 6,908,551 yards, but in eleven months of last year we imported 18,744,723 yards of these materials. That was the effect of the change in duty. Then take flax fabrics, unbleached. The duty was reduced on May 24, 1922 from 15 per cent, 22½ per cent and 25 per cent to 12½ per cent, 22½ per cent and 25 per cent. In 1921-22 we imported 1,545,050 yards, while in eleven months of 1925-26 we imported 2,087,658 yards, and in the preceding year 2,524,701. Then there is harness and saddlery. On May 24, 1922 the duty was reduced from 20 per cent, 27½ per cent and 30 per cent to 17½ per cent, 25½ per cent and 30 per cent. In 1921-22 our imports amounted to $89,395, while in the eleven months of 1925-26 their total value was $286,112.

What does all this mean? It means that that much less leather was fabricated in Canada; that much less tanning was done in this country; that much less work was done in our saddlery factories and so much less employment was to be found; it meant that that work had to be done in other countries, giving work to foreign people. That is the history of tariff legislation of hon. gentlemen opposite. Then we come to collars of cotton, linen and so on, and to incubators and brooders for fowl, about which we have heard so much. This tariff was changed in 1924 from 20 per cent, 27½ per cent and 30 per cent to 10 per cent, 15 per cent and 15 per cent. In 1922-23 we imported $93,549 worth of incubators and brooders, while for the eleven months of 1925-26 our imports amounted to $156,868. These are the facts.

A great writer has said that the history of Liberalism is the history of experimentation, and I observe this: Whatever else may be said, nature at least is Tory—she works by evolution and not by revolution. We who sit on this side of the House realize that the experiments that have been made with the customs duties of this country, the experiments that have been made with incubators, with glass, with cotton fabrics, with woollen goods, all these experiments have resulted in one thing and one thing only—increased unemployment at home, increased employment abroad; increased imports, lessening production. That is what it means. The population of this country is barely steady. What has happened is just as I have indicated, and so to-night every thoughtful Canadian, every man in this country who reads this in the morning will realize that the government at last, after weeks of uncertainty, after weeks of denials, after weeks of stern repression of their own convictions, and despite the efforts that were made from well informed sources to convince them, have at last been convinced. At last they have realized that Canadian industry is better for Canada than American industry. At last they have realized that it is better to have thousands of men and women working in the factories of this country, in Toronto, Oshawa, Windsor and Ford, than have them working at Detroit, Chicago and Cleveland. Realizing that fact, I ask them to apply it not only to this particular industry, but to other industries that they have wrecked. The idle shops that are in Ontario, bring them back into activity, and renounce this fetish

to which you have so long paid tribute because you have been compelled to do it by my friends to the left. The time has come when you should no longer be compelled to worship strange gods, and we all know they are strange gods to my hon. friend the Minister of Finance. His god, of course, is the god of protection for Canadian industry, but the strange god he has been compelled to worship within the last few weeks is the god of sentiment as expressed by the gentlemen sitting to my left who control this House. That is the position, and the time has come when I for one, like others, rejoice that Saul of Tarsus has become Paul the Apostle. I am sure that in reading the scriptures referred to by the Prime Minister we all alike have profited, but none so much as his own colleague the Minister of Finance, who reading the story with which I began my observations, of the journey of that great man from Jerusalem who saw a light and a great conversion on the way to Damascus, has himself during the last six weeks of tortuous walking, and incessant toil, with his face towards the light, blinded sometimes by the shibboleths of the faith of the gentlemen who sit to my left, but ever keeping his face towards the sun, at last seen the light, and that great conversion has come by which we welcome him now as Paul the Apostle of protection and of the Canadian workingman.

Mr. GARDINER: Is the information my hon. friend has just given of the same character that he gave some time ago when he stated that the Massey-Harris Company was employing more men in the United States than in Canada, whereas at Batavia in the United States they are actually employing 800 as against 4,000 in Canada?

Mr. BENNETT: He did not say any such thing. I did not say that they employed more men in the United States; I said that the property in Canada was becoming more and more an assembling plant. I suggest that the hon. member for Acadia will stick to the truth in directing attention to any observations made by the hon. member for West Calgary.

Mr. ROBB: Answering the last speaker first, it occurred to me that had my hon. friend from West Calgary been as well versed in the Bible as he is in constitutional practice and the procedure of Mr. Gladstone and Mr. Disraeli, he would not have had to send to the library for the Bible. I have no fault to find with his quotation, except as to its application, and his application is all wrong, because from the evidence that has been produced in this House in the previous session and again this session the Canadian people have been crying out to the automobile manufacturers, "How long, how long wilt thou persecute us?"

Mr. ROSS (Kingston): Wrong.

Mr. BENNETT: I had better hand the Bible to the minister. Perhaps he would read the first verses about Paul breathing out threatenings and slaughterings.

Mr. ROBB: For some years it has been contended that the automobile princes of Canada have been persecuting the Canadian people by charging them more for cars in Canada than they were selling them at in the United States. I stand by the statement I presented in the budget that the reduction in duty is 15 per cent on cars of $1,200 and under, and 7½ per cent on the others. That statement is just as true to-day as it was on the 15th of April when the budget was brought down. If a United States car comes into Canada and is met by a Canadian customs officer, that car will come in at 15 per cent less duty than it paid before; it will pay 20 per cent, instead of 35 per cent duty, as before.

Mr. MANION: They will pay the difference afterwards on this side.

Mr. ROBB: It does not make any difference where they pay it. My hon. friend from West Calgary and my hon. friend from West York have forgotten that I hold in my hand a letter from the automobile manufacturers of Canada guaranteeing that they will pass this on to the Canadian people, and that the purchaser of a Canadian car will have all this reduction in the excise tax. My hon. friend from West York has said that we are making the same mess of the automobile industry that we made of the agricultural implement industry. That is really a compliment, because the manufacturers of agricultural implements in Canada are to-day, upon their own statements presented to their shareholders, in a better position than before we touched the tariff. I repeat that we have the promise of the associated automobile manufacturers of Canada, of all the manufacturers of automobiles in Canada—it will be found on Hansard to-morrow morning—that they will pass this excise reduction on to the Canadian purchaser, and I serve notice on them now, in the presence of my friends, that if they do not live up to that agreement we will find means of placing them in a position where they will have to do so, or meet competition of the world. I do not know that I have anything more to say upon

that subject. It would look as though everybody was satisfied with these reductions, in view of the fact that they are going to be passed on to the consumer.

While I do not wish to enter upon another budget speech or upon a general discussion of the tariff—it is not the customs tariff that is under consideration now; that has been disposed of—I would not like to sit down without answering the observations of the hon. member for West Calgary regarding the reductions this government has made in the duties on milk bottles, glass, cotton fabrics and other products. The Dominion Glass Company, manufacturers of milk bottles, are to-day in a better position than they were prior to this government coming into office. They are making better dividends and employing more labour. Some of the cotton mills of this country are running night and day, and all of them are running on full time. If my hon. friend from West Calgary will look at the Financial Post of last week, he will find that Penman's are already preparing the way to hand out another melon to take care of their increased earnings. As to the Dominion Textile Company, my hon. friend will answer that they pay only five per cent, but they cut a melon three years ago; they split it into three; instead of five per cent, they are paying 15 per cent, and they have surpluses bigger than the year before. That is the condition of the industry generally throughout Canada.

9 p.m.

Sir HENRY DRAYTON: Surely my hon. friend does not seriously argue that charging this tax against American manufacturers and forgiving the tax to the Canadian manufacturers does not operate in the protection of Canadian industry. Surely he fully realizes, as everybody else does, that you can so tax as to give a benefit to your home producer without and apart from the customs tariff. He knows it. Will he say that a bonus is no help to your manufacturer? Will he say it is not a form of protection to your manufacturer and one of the most effective kinds of protection he can get? Surely it is idle to say that the protection of the Canadian manufacturer has not been increased by this very resolution. My hon. friend knows that that, and that only is the reason why it was introduced. He says it is a compliment to say the same thing that has happened here took place in connection with agricultural implements. Why is it a compliment? We were getting revenues which we have lost. We had to bedevil other taxes in connection with the agricultural industry. We had to cut them off the sales tax. We make concessions amounting to hundreds of thousands of dollars in order to do what has been done in connection with the automobile industry, and to-day we are making concessions again of hundreds of thousands, yes millions, in order to put back the automobile industry where it was. And you put it back just the same whether you give free material, whether you give rebates, whether you give it in the form of exemption from luxury tax, or the like; the effect is just the same as if you were to restore the duty. My hon. friend must know it.

Mr. ROBB: My hon. friend again forgets that I have placed on Hansard a letter in which the automobile manufacturers agree to pass this on to the Canadian purchaser of automobiles. I said in introducing the measure that, looking into it carefully, we had discovered the automobile men were at a disadvantage in the export business. Forty per cent of their business is export. They were at a disadvantage in other countries because they were charged upon the fair market value in the country of origin. It is in their interest to reduce the price in Canada, because if 40 per cent of their product goes into other countries it will be better able to compete in those markets. I do not want to chide my hon. friend from West York with this, but why should he find any fault with my making certain amendments to my budget? I hold in my hand a record which shows that he himself on one occasion made some twenty-five changes in his budget. If he turns to the estimates of this year, page 60, he will find that we are providing $1,690,000 to correct some—well I would not say errors, but some of the grievances Canadian industry had against his government.

Sir HENRY DRAYTON: I am very glad my hon. friend referred to that matter. I was not in the House when the matter was up. My hon. friend is speaking now in connection with refunds of luxury taxes in connection with the time the luxury tax was taken off. All I can say is that that matter was taken up when his predecessor, Mr. Fielding, was in power. He said he had gone over what had been done by the previous Minister of Finance, when he was asked to do the same thing, and he refused. It was brought up again next year, and the same thing was done. It was brought up again when my hon. friend was in office, and he took the same position as his predecessor. Does he deny it? He cannot. He takes exactly the same position, that the right thing had been done. Last year again the same thing occurred, I said, "I do not object to what

you propose to do in connection with it" and I produced a memorandum in connection with what had taken place, and he said nothing was done. I supported it this year in the first instance, because prior to the last election and during the campaign the dealers who were interested in that rebate had a promise, not from my hon. friend but from other members of the government, that that tax would be refunded to them. After the election it was refused; it was said that there was no vote for it, and that certain recommendations would have to be made. They came to me and I said, "If you have been misled by the belief that you could place full confidence in the statements of governments, I would support your claim. If it be now said that the action was simply doing something I ought to have done, I say that my action had the endorsement of my hon. friend and Mr. Fielding. What was done this year was simply to make good the pre-election promises of the government made for the purposes of election."

My hon. friend says I am not paying any attention to the 7 per cent mentioned in the letter. Of course I am. Everybody knows the full sum of that tax has always been added to the cost of the machine. It is always done—factory prices plus cost. I would like to know what would be done if the tax were not now taken off. Of course it will be taken off; but on the other hand, does anyone pretend that to the extent that that 6 or 7 per cent—I do not care which it is—the cost which the American manufacturer or the American competitor is put to, the cost which is held as against him and forgiven as against the other is anyone fatuous enough to think that is not protection? It is protection of a type that works very well. As a matter of fact, it is better for the trade. The position of the trade to-day is better in my view, safer and more secure, than it was before these resolutions were brought down.

Mr. COOTE: I suggest to the Minister of Finance that it is rather unfair to the committee to ask us to pass a long amendment such as is presented to-night without members of the House having a chance to read it. While the hon. member for West Calgary was relating the story of Saul of Tarsus becoming Paul the Apostle, I thought it would be appropriate if he would tell that story related by Christ in the New Testament about the judge and the importunate widow. Members who are familiar with the New Testament will remember that the judge gave in to this woman, not because he thought her cause was just, but because by her continual coming she wearied him, and to get rid of her he gave her what she wanted. I think the judge in this case would be represented by the Minister of Finance and the importunate widow—I am not sure, but I think she is represented by some official of the automobile industries, backed up by the Conservative party, in this House.

A great deal of noise has been made here to-night about the unfortunate condition of the workmen and about destroying the automobile industry in Canada. I find that the reductions made in the published prices of Ford cars as a result of the recent reduction in the duty are as follows:

Touring car	$25
Runabout	15
Sport roadster	30
Coupe	40
Tudor	45
Fordor	45
Light delivery car	20
Chassis	30
Truck	40

Mr. CAHAN: Are these in the retail or wholesale prices?

Mr. COOTE: The retail prices, freight and government taxes extra. The greatest reduction is $45 and the smallest, $15. The reduction on the touring car, which is the popular car, is $25 so that I think it would be fair to assume that the reduction in the prices of these cars will not average more than $30. I do not know the exact number of cars sold in Canada by the Ford company last year, but I understand it was less than 50,000 cars. If this company suffered a reduction of $30 in price of each one of those 50,000 cars the net result would be a decreased earning of $1,500,000. According to the Financial Post the net profit of the Ford company for their last financial year amounted to $6,131,352. If I deduct from that the $1,500,000 they still have a net profit of $4,631,000 after these reduced prices have gone into effect.

Mr. ROBINSON: The hon. member must remember that in the beginning of the year the Ford company made very heavy reductions in all their lines of cars. They cut the price down as low as possible. The hon. member ought to refer to that.

Mr. COOTE: I am sorry I have not the old prices. I could still show that the Ford company would have sufficient profits to pay handsome dividends on a capital of $7,000,000 all but $125,000 of which was made out of earnings of the company. In the face of these figures why should hon. gentlemen raise such a wail about what has been done to Canadian

industry and why, I ask the Minister of Finance, should it be necessary to grant to these men this additional protection which the hon. member for West Calgary (Mr. Bennett) figures at 6 per cent? Personally I am not able to understand it. Of course I am glad to see the people of Canada getting cheaper cars but I do not like to see the treasury of this country depleted by $1,500,000 or $2,000,000. As I said when I first rose, this is a long amendment; the members have not had an opportunity of looking at it, and I do not see why we should not be given that opportunity.

Just a word in regard to the excise tax question. At the present time I am told that the manufacturers pay this excise tax on the wholesale value of the car, but they collect it from the consumers on the retail value. According to the statement given on page 15 of the Ford company's booklet they are paying excise tax on only 75 per cent of the retail value of the car. This is the question that I would like to ask definitely of the Minister of Finance. Will the Canadian automobile manufacturers sell these cars to the consumers less 5 per cent excise tax on the retail price or will they sell them to us less only 5 per cent on the wholesale price? There is a difference of 1¼ per cent between those two methods of paying the tax. The two questions I would like to submit to the minister again before I sit down are these: Why should the committee not have an opportunity to study this amendment before we pass it, and on what basis will the automobile manufacturers save us this excise tax—on the wholesale value or the retail value of the car?

Mr. ROBB: They pay the excise tax on the wholesale value.

Mr. COOTE: Does the minister mean that they are still going to collect from us the 1¼ per cent which is the difference between 5 per cent on the wholesale price and 5 per cent on the retail price? At the present time I understand they have been making that and putting it in their pockets.

Mr. ROBB: My colleague the Minister of Customs, who is administering the tax, says that it is the tax paid by the dealer to the manufacturer.

Mr. EVANS: If we are going to pass this amendment to-night I would like to know if it contains a provision that if at any time it is proved to the satisfaction of the government that this rebate of excise tax is not passed on to the consumer, the tax will at once again be imposed

[Mr. Coote.]

Mr. ROBB: To do that it would be necessary to give the Governor in Council the right to increase taxation, and that is not good legislation. We have, however, the right to reduce taxation, and if they do not live up fairly to this agreement we have the right to reduce the excise tax to all the trade of the world.

Mr. EVANS: Will that be inserted in the bill?

Mr. ROBB: It is not necessary.

Mr. COOTE: I would really like to get this definitely if I can from the Minister of Finance. At the present time the Ford touring car is advertised at $415 at the factory, freight and government taxes extra. Am I to understand from the minister that the automobile manufacturers will sell this car at $415 still and no excise tax? I understand, of course, they will collect freight and sales tax. Are we to understand that they will sell at this price without adding any excise tax?

Mr. ROBB: The tax the dealer now pays to the manufacturer will be reduced.

Mr. COOTE: That is very indefinite. If the minister is going to see that these men live up to this agreement, is the agreement that they will not charge the Canadian consumer any excise tax? At the present time they have been charging the Canadian consumer 5 per cent on the retail price while they have been paying the government 5 per cent on the wholesale price, so that really they have been putting into their pockets 1¼ per cent.

Mr. ROBB: My understanding is that there will be no excise tax on cars of $1,200 or under.

Mr. WOODSWORTH: I would like to support the position of the hon. member for Macleod. We have heard this question debated for weeks and apparently a decision was reached. So far as I can judge from what we have heard to-night this decision is being decidedly modified.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: Our friends across the way admit that; in fact they charge that. If that is so, we ought to have some time at least to consider the bearings of the modification and I would join in asking that the matter be stood over until we have time to study it.

Mr. COOTE: I again protest. We discussed the budget for five weeks and sat up until

four o'clock in the morning in order to get it passed. An important change in the budget is brought in at ten minutes to six and at half past nine we must put it through without having a chance to read it.

Mr. ROBB: I frankly say that if there is any opposition to this measure I am prepared to withdraw it. I am not anxious to lose $1,500,000, although I contend again that owing to increased business in sales tax the loss will be practically nil and we may be better off. I think, however, the request of hon. members is reasonable and I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

OPIUM AND NARCOTIC DRUG ACT AMENDMENT

The House resumed consideration in committee of Bill No. 152, to amend the Opium and Narcotic Drug Act, 1923.—Hon. Mr. Elliott—Mr. Duff in the chair.

On section 1—Persons to whom drugs may be sold.

Mr. ELLIOTT: I am informed by the officials of the department that section 5 of the act has always been held to cover both prescriptions and orders given for hospital supplies.

Mr. BENNETT: The section is broad enough to embrace hospitals?

Mr. ELLIOTT: Yes.

Mr. BARBER: Many of the hospitals in small towns call for tenders for supplies. Included in these supplies are certain narcotic drugs, contained possibly in the tinctures or some preparations, and it is impossible to expect an order from a medical man in such a place for any considerable quantity of drugs. Under the act as it stands the druggists have no authority to supply these goods. That is the point. The act should provide that upon receipt of an order from the superintendent or the matron of a hospital drugs might be supplied just as on a doctor's prescription, and such order could go into the record.

Mr. MANION: Section 5, to which the minister refers, does not cover hospitals, except as regards purchases by them from wholesale houses. In small towns, and even in cities, hospitals buy a good deal of their supplies from the retail druggists, and if a hospital, say in Fort William, should run out of supplies it would be impossible to wait until an order could be filled in Winnipeg or Toronto. They would necessarily have to renew their stock from the retailer. The point is absolutely well taken. The superintendent or the matron, who frequently is not a doctor, should be allowed to give an order for supplies in the same way as a doctor gives a prescription for the individual patient. The minister would have the same means of checking such orders as he now has in respect of prescriptions.

Mr. ELLIOTT: I am surprised to hear the hon. member suggest that the door should be opened any wider. Most of the medical men in the House with whom I have discussed this matter agree with the officials of the Department of Health that, far from this being done, the regulations should be made still more strict. It is not considered desirable that the matron or anyone else other than a doctor should have charge of a matter of this kind.

Mr. MANION: The minister is speaking of something of which he knows little when he says that I am suggesting that the door be opened wider. I do not suggest anything of the sort. I am not suggesting that the patients should get narcotic drugs from anyone but a doctor. The hospital usually gets its supplies by order of the superintendent, but the superintendent has no right to dispense drugs to anybody. Drugs are handed out by the drug clerk of the hospital only on the prescription of a doctor and the check can be kept just as easily on any orders issuing from the superintendent as in the case of individual prescriptions. I did not suggest that the superintendent should have the right to give drugs to anyone, and I resent such an imputation. I resent the suggestion that I am advocating any opening of the door. So far as I am concerned the door may be closed tight. I am pointing out that the hospitals of Ontario do not get their narcotic drugs from the doctor and if the law is as the minister indicates, then those hospitals are breaking it, because they get their supplies on the order of the superintendent. If this practice is illegal we might as well make it legal. The fact is that drugs are kept in stock in the hospital, although, as I have pointed out, they are not allowed to be given to patients except on the prescription of a doctor.

Mr. ELLIOTT: The hon. gentleman misunderstood the interpretation I put upon his words. I know he would be one of the very last to wish to open the door any wider. But that is the effect of the suggestion that either the matron or the superintendent of the hospital should have the right to order narcotics from the retail druggist.

Mr. MANION: Does the minister suggest that the matron bootlegs in drugs?

Mr. ELLIOTT: No, no.

Mr. MANION: That would be the only way in which the door could be opened any wider.

Mr. ELLIOTT: Every hospital has attached to it a medical man and there is no reason why he should not give the order. There has been no difficulty in the past and no complaints have been made to the department on the ground of hospitals not being able to obtain supplies.

Mr. MANION: Because they have been breaking the law, if this is the law.

Mr. ELLIOTT: They are quite within the law if the doctor gives them a written order. It does not need to be a prescription. If any practising physician gives to the hospital an order in writing, then they can obtain narcotics.

Mr. MANION: I understand that. But in many cities the superintendent of the hospital is not a doctor at all. In my own city we have a fine standardized hospital whose superintendent is a lady. She is not a doctor, and if the law is as the minister states she would have to come either to myself or to some other attending physician and get a blank order for any quantity of narcotics which the hospital might require.

Mr. ROSS (Kingston): I do not think the minister's department or the medical officers he has consulted have given him a fair idea of what the member for Fort William is trying to impress upon him. The practice now is that medical men should not be in charge of hospitals, and the larger ones are passing into the control of business hands. It is through the superintendent that all orders must come. Each hospital keeps a dispensary, the same as a drug store, and no drug can be taken from that dispensary without a doctor's order.

Mr. MANION: That is the point.

Mr. ROSS (Kingston): The drug is as safely guarded in the hospital dispensary as in the drug store—more so. The hospital must have medical supplies, and there is only one person who has the right to give orders for those supplies. Those supplies are issued from the dispensary on a doctor's orders. If it is the law that drugs cannot be obtained except under a doctor's order, I agree with the member for Fort William that there is hardly a hospital I know of but what is breaking the law. The person in charge at Kingston is a layman—in other large hospitals it is the same—and he is the one who gives the orders for supplies. But once any drug is taken into the hospital stores not one dram can be issued without a doctor's order, according to the law.

Mr. GERVAIS: Mr. Chairman, there is danger in allowing laymen to prescribe narcotics.

Mr. MANION: They do not prescribe, they order supplies.

Mr. GERVAIS: It is the same thing. Take a private hospital, the superintendent might be interested in some way in the narcotic trade. I think the regulation contained in the bill very wise. Some amendment may be introduced, but in this case any hospital duly incorporated must designate by resolution of the board of directors who is to sign orders instead of a medical man. Everybody knows the drug habit is a great evil, and no one knows this better than medical men. Therefore the law should restrict in every possible way any illicit traffic in drugs.

Mr. MURPHY: The member who has just taken his seat (Mr. Gervais) has said that a superintendent of a hospital might be interested in the sale of narcotics. The minister has told us that if the matron or superintendent of a hospital orders drugs, that order must be signed by some physician connected with the hospital where it can be legally filled. Supposing a physician attending the hospital signs an order; and then it is taken out of his charge and delivered to the hospital. Who is responsible? Not the physician because he is not there. The person responsible is the superintendent of the hospital. In that case requiring the physician to sign the order is merely a subterfuge to get around the responsiblity resting upon the person in whose possession the drug actually is. I should like to point out to the minister further that this amendment reads thus:

> And any druggist who gives, sells or furnishes any drug to any person, except upon a written order or prescription signed and dated by a duly authorized practising physician—

If you stop there it might not be so bad. But let us go a little further:

> —veterinary surgeon or dentist.

Now if the interpretation of the minister is correct that these drugs can be legally furnished by a retail druggist to a hospital only upon a written order, that order has to be signed by whom?

> a duly authorized practising physician, veterinary surgeon or dentist.

If that is the interpretation, what is to prevent a veterinary surgeon or dentist signing an order for a large quantity of drugs, which may then pass out of his possession into that of someone else who is responsible for their disposal?

Mr. CAHAN: Mr. Chairman, I think the suggestion made by the hon. member for Fort William is not only correct, but that he should have gone a great deal further. If supplies are purchased, they are purchased by the hospital and not by the physician, and there is no provision in this bill whereby a hospital may purchase drugs upon the order of a physician. I quite agree with what the hon. member for Fort William has said. I know something about the management of hospitals in the city of Montreal, and all their supplies are ordered by the superintendent or manager. If the government wish to go further than that and say that the superintendent or manager is not a suitable person to order supplies of this character, but that they must be obtained on the order of a physician, well and good; but I defy the hon. gentleman to show me how there can be sold to a hospital any drug by an authorized vendor, even on the approval of a physician or veterinary surgeon—they come within the same category—without incurring the penalty prescribed.

Mr. ELLIOTT: I appreciate the suggestion of hon. gentlemen, but I think they fail to recognize that this bill does not interfere in any way with the right of a hospital to obtain drugs. The amendment simply cuts out the words, in section 5 of the act, which reads:

And any druggist who gives, sells or furnishes any drug to any person other than any such physician, veterinary surgeon, dentist or druggist, except upon a written order or prescription.

The amendment now before the House has nothing to do with the obtaining of drugs by hospitals; that remains exactly as it has been for years. All that is done by this amendment is to say that where the druggist is furnishing drugs to any person it must be upon a written order, even though the person seeking to obtain the drug be a physician, veterinary surgeon, dentist or druggist.

Mr. HANNESSON: Is there any provision now in the act giving hospitals the power to keep drugs on hand?

Mr. ELLIOTT: My hon. friend will understand that this act provides penalties for improperly obtaining or having drugs. I do not agree with the hon. member for St. Lawrence-St. George (Mr. Cahan), even if the question brought up by him arose out of this bill, which it does not.

Mr. HANNESSON: Under what act or under what provision of the act can a hospital get a supply of drugs except for a specific patient?

Mr. ELLIOTT: Just let me read this particular section:

Any druggist who gives, sells, or furnishes any drug to any person,—

I am told that that has always been held to include the superintendent of a hospital, or anyone else.

—except upon a written order or prescription signed and dated by a duly authorized and practising physician,—

The matron of a hospital only needs to go to a physician and get a written and signed order on a druggist for the hospital receiving the drug.

Mr. MURPHY: If I understand the minister correctly—and he might correct me if I am wrong—under this act the matron or superintendent of a hospital has the right to obtain narcotic drugs for that institution on the signed order of a physician. Is that correct?

Mr. ELLIOTT: Yes.

Mr. MURPHY: Then, that order having been filled, who is responsible for these drugs, the physician signing the order or the matron or superintendent of the hospital into whose possession the drugs go?

Mr. ELLIOTT: Everyone who improperly hands out any of these drugs is liable under the act. This act, as hon. gentlemen will bear in mind, is prohibitory; it is not permissive except by implication. It describes the offences which are created under it, and tells the way in which a person obtaining or having a drug unlawfully may be punished. By implication it is quite clear that the person who gets a written order for a drug has that drug lawfully in his possession. I might just read the memorandum given me by the acting deputy minister of the department. He says:

With reference to the purchase of narcotics by hospitals there has never been any specific provision in the statutes. Narcotics required by such institutions are purchased through the medium of a physician's order. In most cases there is a medical superintendent in charge of the institution, who signs such orders. In the case of smaller hospitals there is, as a rule, a physician in attendance in such institutions, and such physician signs narcotic orders, the object of the law

being to place the responsibilty upon the physician interested in the hospital or connected therewith, to prevent unscrupulous individuals obtaining narcotics who should not receive them, or to prevent the purchasing of drugs for purposes other than required as a medicine in the hospital. The officials charged with the administration of the act think it would be highly dangerous to give any hospital without a superintendent or doctor advising the right to obtain narcotics on their own responsibility.

He calls attention further to the fact that in the United States the regulations are more strict than these; there the ordinary physician has to have an annual license and the same also applies to veterinary surgeons and dentists. But I want to call attention to the fact that we are not making any change whatever in regard to the hospital regulations relating to narcotic drugs; the act remains as it has been for years. If an amendment is necessary, with which I do not agree, we are not attempting it in this way. This amendment simply says that in every case where a physician, veterinary surgeon or dentist obtains drugs from a retail druggist he must sign a written order, and that is all we intend.

Mr. MANION: I do not wish to prolong the debate, nor do I wish to delay this measure. I had made up my mind to say nothing further, but the minister now gives the opinion of the deputy minister, and the matter is not cleared up at all. As a matter of fact the deputy minister is wrong when he states that most hospitals have a medical superintendent. Most hospitals in the smaller cities have nothing of the sort; they have either a lady superintendent or matron or a man superintendent who takes the part of a business man as well as superintendent of the hospital. I take it that under this act, according to the deputy minister, the superintendent of a hospital who was not a medical man would have to go to one of the staff of the hospital and ask him to give an order for the drug required. That doctor gives an order, we will suppose, for a certain amount of opium or morphine; he takes the responsibility of the order and has no check-up whatever on the dispensing of the drug; while he is responsible the superintendent unloads it in whatever way he likes.

Let me suggest to the minister what could be done under such an act, and why what we on this side suggest would be much more reasonable. The minister stated earlier in his remarks, by the way, that the medical men of the House had been consulted. Perhaps some were consulted but I do not know of any on this side of the House who were approached at all. We have many smaller hospitals, some of them private institutions —and there are many such—with a lady or a man in charge. Suppose such a hospital has a superintendent who is not of a very high moral character. Suppose that in the same city there is a medical man of the same type —and there are some such. They could easily make a frame-up under this law whereby the physician would give an order to the superintendent of this small hospital to get in a fairly large amount of narcotic drugs. The superintendent who, as I say, is not of a very high moral character, could then sell them out as he or she chose, and there would be no check-up whatever. I suggest that the dispensaries of these private hospitals, as the hon. member for Kingston (Mr. Ross) says, should be checked up exactly as the druggist is checked. They should buy their supplies as druggists buy theirs, and the outgo should be checked up in exactly the same way.

Mr. ELLIOTT: I think my hon. friend will agree that if it is dangerous to trust both a doctor and a medical superintendent who might want to do something illegal it would be much more dangerous to leave it in the power of the medical superintendent alone.

Mr. MANION: Not at all; my hon. friend does not seem to get the point. The superintendent would simply buy his supplies exactly as the druggist buys his supplies; he would have to keep a record of every outgoing narcotic drug and another record of the physician giving the order for that drug. In other words, the minister and his department would have exactly the same check upon that private dispensary as they have upon a public dispensary, or in other words a druggist.

Mr. ELLIOTT: They have it now.

Mr. ROSS (Kingston): If the wish of the minister and his deputy is to check this, it is much safer to leave it to the superintendent or matron. What doctor is going to take the responsibility? You are getting down to the same level as the Ontario Temperance Act, where the doctor does not care; he has no responsibility at all. The matron or the superintendent of the hospital has to go and seek out some doctor, because the house surgeon will be an under-graduate and not legally licensed in the province in which he is serving in the hospital. The superintendent has therefore to go to one of the doctors in the city and say: Will you sign this order? What responsibility has the doctor in that case? None whatever. I was just going to take the same ground as the hon. member for Fort William.

Mr. ELLIOTT: Does either the hon. member for Fort William or the hon. member for Kingston suggest that the bill that is now before the House affects in any way the position of the hospital or of the matron or the medical superintendent? We have not attempted to deal with that.

Mr. ROSS (Kingston): We are drawing up a failure in this bill. I admit at once that I cannot understand it; I do not know what it means. But the point has been raised here that you are making it difficult or impossible for a hospital to get its supplies. The hospital should stand in the same position as the druggist—should account for all the drugs it gets and see that they are issued only on a doctor's prescription. That is the point. You are making it difficult, if not impossible, for a hospital to get its supplies. I pointed out that once the hospital has its supplies it should be able to make a statement to the department accounting for every bit of it, just the same as the druggist. But do not ask the superintendent of the hospital to get a doctor's order, for it is impossible for him to do so. The doctor signs that prescription in a slipshod way. That is the whole point. The deputy minister's memorandum is quite wrong. Hospitals now are passing out of the old status where they had a medical man in charge, and it is difficult for them to get a doctor's prescription to-day.

Mr. ELLIOTT: May I again call my hon. friend's attention to the fact, because I know he wants to deal with the bill that is before the committee, that all we are doing by this amendment is striking out after the word "person" in section 5 the words "other than any such physician, veterinary surgeon, dentist or druggist." As I said before, all that means is that now the physician, veterinary surgeon, dentist or druggist has to sign a written order to the retail druggist before he can get the drug. The position of the hospital and of the superintendent and of the matron and of everybody else is left exactly as it was except that we strike out the words "other than any such physician, veterinary surgeon, dentist or druggist." The whole aim of this amendment is to insist that when a physician, veterinary surgeon, dentist or druggist comes to the retail druggist for these narcotic drugs he must sign a written order.

10 p.m.

Mr. ROSS (Kingston): Then what was the intention of this memorandum?

Mr. ELLIOTT: That memorandum was given to me after the question was raised.

Mr. ROSS (Kingston): May I read it? It says:

> With reference to purchase of narcotics by hospitals, there has never been any specific provision in the statutes. Narcotics required by such institutions are purchased through the medium of a physician's order.

That is knocked out. It goes on:

> In most cases there is a medical superintendent in charge of the institution who signs such orders.

That is not correct.

> In the case of smaller hospitals there is as a rule a physician in attendance at such institution, and such physician signs narcotic orders—

Now listen to this:

> —the object of the law being to place the responsibility upon the physician interested in the hospital or connected therewith, to prevent unscrupulous individuals who might be employed in the hospital using the institution as a medium of purchasing drugs for other purposes than required as a medicine in the hospital.

Now the doctor who would sign that order has no responsibility or charge over those who handle the drugs in the hospital. That is the point I make. The doctor who would sign that order, if it was required, has no responsibility or charge over the house surgeons and those who dispense the medicine inside the hospital. No one would sign the order under such circumstances, with that responsibility placed upon him.

Mr. MacLAREN: This section safeguards, as far as possible, the sale of narcotics to physicians, veterinary surgeons and dentists, but it does not provide for the sale of narcotics to hospitals, nor is that provided for in any other section of any other act. It has been pointed out a number of times this evening that it is important that regulations should exist regarding the sale of narcotics to hospitals. The sale is not even regularized at the present time. I suggest therefore that the minister might consider adding a further section to deal with the sale of narcotics to hospitals.

Mr. ELLIOTT: I appreciate the suggestion of my hon. friend, but I again call attention to the fact that this legislation has not for its object the dealing with the right of hospitals in any way, shape or form. It does not apply to them at all. The section under consideration only makes it necessary for the physician, veterinary surgeon, dentist or druggist who is obtaining narcotics from the retail druggist to give an order in writing. We are not affecting the hospital one way or the other. Certain other amendments were suggested this afternoon with regard to the word "prescribed", as to whether or not it should be a violation of the act for a physician to

prescribe narcotics in certain cases. As the act will probably be gone over fully before another year—it is now contained in three or four different amendments—I would suggest that these proposed amendments could be borne in mind then. But it is not intended to change the regulations in regard to hospitals under the present act at all. The only object is to tighten it up a little, so as to make it necessary for a physician to sign a written order in every case.

Mr. GARLAND (Carleton): According to this bill and the statement of the minister, the retail druggist will not be allowed to sell narcotics to a hospital. It does not allow the hospital to buy narcotics. I think if we added in the thirteenth line after the word "druggist" the words "or hospital authorities" it would cover the hospital. The minister, being a layman, perhaps does not exactly understand how this affects the retail trade. What the hon. member for Kingston says is absolutely true. There are several hospitals, not only in the rural sections but right here in the city of Ottawa, that have not a medical man in charge. Suppose that hospital telephones to a retail druggist for a small quantity of drugs in an emergency; why cannot that order be sent to the hospital and the authorities from the narcotics branch trace it and see that it is properly dispensed in the hospital? In that way you will be giving the retail druggist a square deal, which you are not doing at present. The law is being broken all the time.

Mr. ELLIOTT: We are passing this measure in anticipation of making new regulations or altering the regulations now in existence in regard to the matter of supplying narcotic drugs. This section enables the authorities to go to a physician and get an order. However, we are not dealing with hospitals.

Mr. BURY: You are not dealing with hospitals except to this extent, that the act expressly prohibits the sale of narcotics to a hospital except on a physician's written order. It refers to the Opium and Narcotic Drug Act and says:

> Every person licensed under this act to deal in any drug, who gives, sells or furnishes any drug to any person other than—a duly authorized and practising physician, veterinary surgeon or dentist, or to a bona fide wholesale druggist, or to a druggist carrying on a business in a bona fide drug store,—

Mr. ELLIOTT: My hon. friend would not suggest that it applies to the retail druggist. He has not read the section throughout. That applies to the wholesale druggist and this gives the form of license. It struck me in the same way as it struck my hon. friend when I first read it, but the first portion does not apply to the retail druggist.

Mr. BURY: It means then that you are prohibiting the hospital from applying to the wholesale druggist. Is there anything in the act which precludes the retail druggist from applying to a wholesale druggist without a doctor's prescription?

Mr. ELLIOTT: No.

Mr. BURY: I think an amendment is required to enable the hospitals, in a regular legal manner, to buy their goods without going to a doctor for an order, so that they might get their drugs under a block order You are prepared to allow the retail druggist to get his drugs without a doctor's order, and the hospital after all is nothing but an institution with a drug store virtually attached to it as an annex to its business. The same difficulties and the same dangers attach to allowing druggists to buy as attach to allowing the hospitals to buy. If you will only consider the drug department of a hospital in the same light as you consider an ordinary retail drug store, your difficulty has disappeared. You can make the same regulations regarding the drug department in the hospital as you do regarding the retail drug store. The only difference is that the one sells across the counter to anyone coming in with a doctor's prescription, and the other only dispenses narcotic drugs to patients in the hospital, and on a doctor's prescription.

Then there is another feature in connection with it. There are a large number of hospitals throughout the country districts, small municipal hospitals, which have not a resident medical superintendent. It may be that they have to telephone to a drug store three or four miles away. It may be absolutely impossible for them to get a doctor's prescription in time for pressing requirements if they run short of drugs. The whole difficulty would be solved if the minister would consider the drug department of a hospital as exactly in the same position as a retail drug store in the city, and hold it responsible in the same way.

Sir EUGENE FISET: This amendment is proposed on account of the practice that has prevailed for the last few years, namely, that doctors renew by phone prescriptions on their local druggist when needed. As far as hospitals are concerned, I think in every large hospital there is always a qualified druggist.

Mr. GARLAND (Carleton): Not always.

Mr. ROSS (Kingston): My hon. friend (Sir Eugene Fiset) cannot speak for Ontario.

Sir EUGENE FISET: It is the practice to have a qualified druggist in the hospital.

Mr. ROSS (Kingston): I think my hon. friend is getting the minister in wrong.

Mr. EDWARDS (Frontenac): If a doctor was suspected of making an improper use of narcotic drugs, the law as I understand it, is such that that doctor could be obliged to show what he had done with the drugs so purchased. This is a perfectly proper restriction. It seems to me that you cannot make the restrictions on the handling of narcotics too severe. I may be wrong in my understanding of it, but I think that the superintendent of a hospital, no matter how that superintendent requires the narcotics, whether on the order of the physician or any other way, should be obliged on occasion, or if required, to show exactly what has been done with the narcotic drugs supplied to that hospital. I do not understand that that is the law at present, but I do say that if it is not the law, the same restrictions that apply to the doctor in obliging him to tell what he has done with every ounce of narcotic drugs he has obtained ought to apply to the superintendent of a hospital. The penalties imposed upon those infamous characters—the most infamous that it is possible to find in any country—who peddle narcotic drugs round for the sake of gain, struck me as being too light. In the case of a person who is not a physician, who has acquired a drug in some underhand method and sells it to whoever will buy, I would, if I had the matter in my hands, sentence the offender to eight or ten years and a fine which would take from him every cent he had in the world. If after serving the first sentence he was found guilty a second time, I think he ought to be sentenced to hang by the neck until he is dead, because he is just as much a murderer as a man who stabs or shoots another. He is worse, because he is murdering by slow degrees; he is entitled to no consideration. When I read about how these infamous creatures have been handled by the courts, I say they have been dealt with altogether too leniently. The point is not so much as to how the superintendent of the hospital obtains the drug. You provide for that; it must be done through a doctor's prescription or order. But the main point is that the superintendent of a hospital should be placed under the same restrictions as a doctor, so that you could call on him at any time to show just what had been done with every ounce of narcotic drugs in his possession.

Mr. HOWDEN: For many years it was possible for a doctor to go to a drug store and obtain morphine without giving a written order. Morphine was sometimes distributed rather freely. I understand the chief object of the bill is to make it impossible for even a medical man to obtain morphine without giving a written order. With regard to hospitals not having medical superintendents, I might say that so far as I am acquainted with hospitals—and I have some knowledge—even if the superintendent of a hospital is not actually a medical man there is always a nominal medical head for every hospital.

Mr. ROSS (Kingston): Who would that nominal medical head be?

Mr. HOWDEN: I know a hospital of 250 beds in the city of Winnipeg which has no resident medical superintendent, but a recognized medical man practising in that city is its ostensible medical superintendent.

Mr. HAMILTON: After that medical man has given a certificate for drugs for the hospital, what guarantee has he that they will be used properly in that institution?

Mr. HOWDEN: What guarantee has anybody that a drug is going to be used properly in any case? All hospitals and all medical men in Manitoba are put on an allowance of morphine.

Mr. HANNESSON: Under what act?

Mr. HOWDEN: I am not able to say, but I know it is so. If they want to use more than they are allowed they are without morphine. The same thing precisely holds good for the hospitals. The superintendent or the matron of a hospital now is accountable to the narcotic department in precisely the same way as if the drug were obtained through a medical man. I do not think there is any trouble about this amendment at all. It seems to me it is to control medical men and no one else. It is a very good move and one that is necessary.

Mr. MURPHY: The hon. member for St. Boniface has missed some of the point. My object in raising this discussion this afternoon was not to make the provisions of the act wider, but rather to tighten them up. Under the act as it now stands a retail druggist must give a written order to the wholesaler or manufacturer for a narcotic drug. He

must keep a record of the quantity of the drug when it comes into his drug store and a record of sales, and the department have a complete check of the narcotics which he has in stock and his purchases. He must make a report to the department and the police come in and inspect his books. Under the act as it now stands the minister says that a hospital can purchase a drug by means of an order from a physician. After the physician gives that order nobody is responsible for the drug. The physician is not responsible because he is not in the hospital all the time and other physicians are there prescribing. The hospital is not required to keep any record of its purchases and the quantities nor to keep any record of the quantities dispensed. Thus under the act there is a large loophole through which narcotic drugs can be used illegally. That is the point which I have brought up and which I wish to emphasize.

If the superintendent of a hospital has to give a written order for a narcotic drug and keep a record of the quantities purchased and the quantities dispensed, you have a complete check-up just as you have in regard to a retail druggist. At the present time you have no check at all. As regards the statement that a physician is nominally the head of a hospital, that may apply to a hospital of 250 beds in Winnipeg, but it certainly does not apply to hospitals of ten beds at country points. Somebody should be responsible for those drugs, but under the act as it stands and as it is proposed to be amended no one is responsible.

Mr. HOWDEN: Does the hon. member say that in a small hospital there is not one particular medical man who has charge of the building?

Mr. MURPHY: In many of the smaller hospitals the medical men are all on an equal footing. The matron or the superintendent is the person now responsible, not any practising physician.

Mr. MACLEAN (York): Has the minister any reason not so far disclosed for taking the position he has?

Mr. ELLIOTT: I would be glad to give any information I could. The discussion has disclosed, so far as I am able to sense it, that everybody who has spoken is in favour of having the doctor who goes to a retail druggist for a narcotic drug give an order in writing. That is all that this amendment provides. If it is necessary to have some further legislation with regard to hospital superintendents or matrons that is a matter for consideration. It is not being dealt with or intended to be dealt with at the present time. The present amendment is simply to provide that the physician who hitherto has been able to go to a retail druggist and get a narcotic drug without a written order must now give an order in writing for it.

Mr. GUTHRIE: The minister must see that it is the sense of the committee that some provision must be made in respect of hospitals. Surely the easiest way to settle this matter would be to have a short clause inserted in the bill in regard to narcotic drugs in hospitals.

Mr. ELLIOTT: Section 6 provides that the hospital superintendent or matron who requires a drug can get it for the hospital on a doctor's order.

Mr. GUTHRIE: The point objected to is that the doctor does not or should not assume responsibility for the disposal of that drug over which he has no control. I think the opinion of this committee is that some restriction should be placed upon the use of narcotics by hospitals and that there should be some precise method by which the hospitals can obtain the supply.

Mr. HAMILTON: Why could the minister not insert in the bill a provision whereby a superintendent of a regularly qualified hospital should be permitted to give an order, and that a record of that prescription be kept in the hospital to be inspected by the government inspector as is done in the case of druggists? Hon. members would imagine from the discussion that heretofore you could get drugs without a prescription. That is not the case. A doctor cannot get it for himself without giving a prescription and having it registered in the book before he leaves the drug store. I know that personally. You cannot prescribe a little cocaine for an eye-drop without giving a prescription and signing your name and the date, and that has to be registered. You cannot get paregoric that mothers used to give to their children many years ago to stop their stomachache without giving a prescription. When children eat too many pies and cakes at Christmas time; in fact, every time people get into trouble the first man they run to is the doctor and he has to carry the load in all cases. An amendment should be inserted so that the superintendent of a proper hospital should have authority to get a reasonable quantity of drugs and have them recorded and the books inspected the same as is done in the case of a druggist.

Mr. CAHAN: My objection to this bill is not that it purports to amend the act as the minister suggests. Everyone is quite in favour of the amendment that he proposes.

Mr. ELLIOTT: Let us pass it, then.

Mr. CAHAN: The drafting of section 5 is so carelessly done that we are bound to see whether the proposed amendment is sensible and adequate. Under section 3 of chapter 22 of the statutes of 1923 it is provided that the minister may issue licenses, making regulations and prescribing fees, in connection therewith, for the exportation and importation of drugs. There is another license for a manufacturer or dealer other than a retail druggist, and still another license for the retail druggist who manufactures any drug. And so on. Every one of different classes dealing with the importation and exportation, the manufacture, wholesale and retail, of drugs, must have a special license from the minister. Then section 5 begins:

Every person licensed under this act to deal in any drug,—

And only a person licensed under the act can deal lawfully in any drug.

—who gives, sells or furnishes any drug to any person, other than a duly authorized and practising physician, veterinary surgeon or dentist, or to a bona fide wholesale druggist, or to a druggist carrying on a business in a bona fide drug store—

Let us leave out for the moment the intervening words.

—shall be guilty of a criminal offence, and shall be liable upon summary conviction to a fine not exceeding one thousand dollars.

And so forth. Dealing with the first provision, I hold that it is impossible under the law for a druggist, wholesale or retail, to sell to a hospital even on the prescription or on the order of a physician. Under that part of the section dealing with the sale, drugs may be sold only to a practising physician, or to a veterinary surgeon, or to a dentist, or to a bona fide wholesale druggist, or to a druggist carrying on a busines in a bona fide drug store. Under that provision you cannot camouflage as a sale an order given by some consulting or superintending physician at a hospital for a large quantity of drugs, for the reason that the sale must be made, if it is made at all, to some one of the persons specified, namely, a physician, a veterinary surgeon, a dentist, a bona fide wholesale druggist, or a druggist carrying on a business. Then, to show the folly of this wording, it goes on to say:

Or who gives, sells or furnishes any drug to any such physician, veterinary surgeon, dentist or druggist without a written order therefor, signed and dated;

This part of the section does not say that this written order must be signed by such physician, or signed by such veterinary surgeon, or signed by such dentist, or signed by such druggist. You never could convict any person under that provision. Anyone could give an order and if it were acted upon there would be no offence even though the person giving it were not a physician or one of the other persons mentioned.

Mr. ELLIOTT: Is my hon. friend reading from the second part of section 5?

Mr. CAHAN: I am reading from the first part of the section.

Mr. ELLIOTT: The hon. member has got down as far as the words:

And any druggist who gives, sells or furnishes any drug to any person, except upon a written order or prescription signed and dated by a duty authorized and practising physician, veterinary surgeon or dentist.

Surely it is clear from that who shall sign the prescription.

Mr. CAHAN: There are two parts in this section. The "and" in line 14 ought properly to be an "or", because the penalty which is imposed from lines 25 to 30 applies to the acts prohibited from lines 6 to 12. There is no doubt about that. I am dealing for the moment with the language contained between lines 6 and 12 of the bill. Therein it is provided that every person licensed under this bill—that is to say, every class of persons who can possibly deal with these drugs—

—who gives, sells or furnishes any drug to any person, other than a duly authorized and practising physician, veterinary surgeon or dentist, or to a bona fide wholesale druggist, or to a druggist carrying on a business in a bona fide drug store.

That is one provision to which the penalty applies. The next is that every person licensed under this act:

Who gives, sells or furnishes any drug to any such physician, veterinary surgeon, dentist or druggist, without a written order therefor signed and dated.

And there that part of the section ends. That written order under the provision of the clause from line 11 to line 14 may be given to a wholesale dealer or to an importer, or it may be given to a retail dealer or to a druggist, and it may be signed by any person in the world. There is no restriction whatever. I am not surprised, therefore, that as the act now stands any person can go and give an order to the wholesaler or to the manufacturer, and for that reason I suppose the superintendent of a hospital can now go and give the order to the wholesaler or the manufacturer. From line 14 down to line 24 it is provided that:

Any druggist who gives, sells or furnishes any drug to any person, except upon a written order or prescription signed and dated by a duly authorized and practising physician—

And so forth. That refers only to a written order given to a retail druggist, while with respect to the orders above mentioned given by the manufacturer or the wholesale dealer the signature may be anybody's at all. Anyone in the wide world may sign those orders. The clause as at present drawn is both doubtful and inconclusive. Some second or third rate clerk who drafted that section in 1923 had it amended again in 1925, and the wording is a disgrace to a third class clerk in any law office in this country. The minister is not responsible for that. But when he comes to the House with this amendment, I think he should take our suggestion and have it drafted clearly so there can be no doubt about it. His amendment, so far as he makes it by leaving out certain words, is properly applied and is within the approval I think of the whole committee; but when we come to read it we find these other objections which certainly demand the minister's attention.

Mr. CANTLEY: I think it is abundantly evident that the amendment as drafted should be withdrawn. As has been pointed out by my hon. friend who has just sat down (Mr. Cahan) anybody can sign the order. have signed it a dozen times. Here is what is done in local hospitals. I have been on the board of a local hospital for thirty years. We have there 75 or 100 patients; we have a resident superintendent; we have a medical board; we have a board of management. Every month the superintendent presents a list of supplies that ought to be bought for the ensuing month and in some cases for two or three months. This list includes drugs of all kinds. The list is submitted to the board and passed on, and as president, which I have been for twenty years, I sign that order and it goes out to a wholesale drug firm in Montreal, Toronto or some other city. There is nothing to prevent me doing it. Is there any other way of doing it? If the local doctor signed the order, would it make it any better? Does the wholesale drug house in Montreal, Toronto or any other city know any more about that medical man than it does about me, John Smith, Tom Jones or anybody else? The fact of the matter is it does not. I have very little use for legislation of this kind. This bill, as I read it, is simply an inducement to the drug bootlegger and peddler. All the restrictions and all the penalties imaginable will not stop this traffic. The moment we began to tinker with prohibition we opened the door to other things that are infinitely worse. As I said before, I have little sympathy with legislation of this kind, and I think the minister ought to redraft the amendment in a way that would make it at least less harmful than it is in its present form.

[Mr. Cahan.]

Mr. KING (Kootenay): Mr. Chairman, I understand that generally speaking hon. members are in favour of the amendment that physicians or others who are entitled to prescribe narcotics should give a written order. We know that in hospitals the attending physician writes his prescription, just as he does in the home, for the narcotic or other drug required, and I think that the interjection of the hospital situation is absolutely foreign to the amendment. In my opinion the amendment is quite proper. If a narcotic drug is required there should be a written order signed by the physician or those entitled to prescribe, and I think that is the generally accepted practice. That is as far as the amendment goes. Following that through, in hospital practice a written order will be furnished.

Mr. BURY: What the Minister of Public Works (Mr. King) has said is not quite correct. The Minister of Health asks us to pass an amendment on these lines.

> Section 5 of the Opium and Narcotic Drug Act 1923, as amended by chapter twenty of the statutes of 1925 is repealed, and the following is substituted therefor:—

We are asked not merely to make the few amendments in this bill, but we are also asked to substitute the section in this wording. It is immaterial that it is practically the old section. He is asking us to pass the old section again. He is not only introducing an amendment; he is asking this House to pass a new section—to re-enact the section, if you like to call it so, which is villainously drafted, and which it has been shown to the House may mean anything or nothing. It certainly does not mean what the minister intends it to mean. Therefore I take exception to the statement of the Minister of Public Works that the criticism has not been relevant. It has been relevant because it is criticism directed to the new section as the minister wishes us to pass it.

Mr. ELLIOTT: Does not the hon. gentleman see that the amendment is exactly the same as the old section, except that where a physician, veterinary surgeon or dentist is obtaining a drug from a retail druggist he must give the order in writing? All that is done is to strike out from the old section these words:

> And any druggist who gives, sells or furnishes any drug—

I will read the old section.

Mr. BURY: I understand my friend's point.

Mr. ELLIOTT: It continues:

—to any person other than any such physician, veterinary surgeon, dentist or druggist, except upon a written order or prescription.

All we do is strike out the words:

Other than any such physician, veterinary surgeon, dentist of druggist.

That is, they must give a writen order.

Mr. BURY: I invite the minister to deny what I state, that he is asking this House to re-enact by way of amendment a section which we have discovered to be without form, and void. Here is the way the bill reads:

Section 5 of the Opium and Narcotic Drug Act 1923 as amended by chapter twenty of the statutes of 1925, is repealed, and the following is substituted therefor:—

He asks us to re-enact this section after discovering all its absurdities. No matter how the minister argues, that is what he is asking us to do. When I asked the minister as to hospitals, he assured me very strenuously and very dogmatically that the first few lines:

Every person licensed under this act to deal in any drug,—

referred only to wholesalers.

Mr. ELLIOTT: I beg my hon. friend's pardon. Persons who are licensed.

Mr. BURY: He said it referred to wholesalers, not to retailers. Now it is perfectly plain from the language that legally it includes not merely the wholesaler but the retailer, because the retailer has to be lecensed under the act too.

Mr. ELLIOTT: My hon. friend will see that the first part of the act refers to those who have to be licensed, and then where it speaks of "any druggist" it refers to the retail druggist.

Mr. BURY: The hon. minister does not see the point. The section reads:

Every person licensed under this act to deal in any drug,—

The member for St. Lawrence-St. George (Mr. Cahan) has shown that those words are the legal and proper description of the retailer as of the wholesaler. The minister has no right to take words which are legally a quite proper and adequate description of a retailer and tell me that, because of something in his mind, they do not refer to a retailer at all, but only to a wholesaler. They refer to every person who has to get a license to deal in drugs under the act, whether he is a wholesaler or a retailer, and the hon. member for St. Lawrence-St. George showed that very plainly.

Mr. HOWDEN: The bone of contention seems to be that hospitals should be obliged to procure a prescription from a medical man before they are able to obtain a supply of narcotic drugs. The hon. member for Pictou, (Mr. Cantley) speaking a few moments ago pointed out that it was possible for hospitals in his part of the world to get unlimited amounts of narcotic drugs with no prescription at all, just on the endorsation of the director of the hospital. It must appeal to the serious thinking members of this House that it is rather a disastrous state of affairs when hospitals or any other institutions can obtain large supplies of morphine on the order of a layman; surely it is time that sort of thing was checked. I believe there is a hardship in that hospitals always have to obtain a prescription from a medical man in order to procure a supply of morphine or cocaine or whatever it may be, but why not license the drug departments of hospitals, as retail druggists are licensed? Then their supply of narcotics would be checked up and they could obtain their supplies as a retail druggist obtains his.

Mr. BURY: That is exactly what we ask.

Mr. SUTHERLAND (North Oxford): There has been a good deal of discussion on this matter and I am free to say that I cannot see eye to eye with everything said from this side of the House. It is news to me that narcotics can be obtained anywhere without a written certificate from either a dentist, doctor or veterinary surgeon; I do not believe it has been possible in Ontario to do that. If that has been the case in Pictou, and drugs are obtainable in that way, the minister is well advised in bringing in this amendment to check that practice. With regard to the hospitals, I think that question does not enter so much into this discussion. There is a doctor connected in some way with every hospital; in the smaller hospitals a doctor is in attendance for a week or a month, whatever it may be, and he could take it as part of his duties as a matter of course. If the superintendent told him these drugs were needed he could give an order in the proper way, and if that has not been the case in the past I think it should be so now. I cannot see that there is anything in this amendment but what is quite in order and quite proper.

Mr. MURPHY: The hon. member who just took his seat said he could see nothing wrong in the amendment. Possibly he is right, but I would like to point out that there is absolutely no check on the hospitals having

a supply of drugs on hand. The retailer has to keep a check on all his narcotic drugs; would the hon. member tell me why the hospitals should not keep a record of the drugs they have on hand? There is no provision in the act covering that, which is one of the reasons why I considered that there should be a proper way for a hospital to secure drug supplies, and why there should be a proper record kept of those supplies while in the possession of the hospital.

Mr. SUTHERLAND (North Oxford): If this amendment goes through a proper record will be kept of the supplies going into the hospital. Any nurse who has sufficient ability to become superintendent of a hospital should certainly be worthy of confidence, I should think. In a hospital drugs go out in little tablets by ones and twos; they cannot keep a book showing where each quarter grain of morphine goes. You must believe in the superintendent, and I never heard of a hospital where this point came up at all.

Section agreed to.

Mr. CAHAN: I would like to put myself on record before the bill is read the third time; the minister, by passing it in its present form, must take responsibility because it is passed in a way which allows unlimited bootlegging in drugs without penalty. I am sorry he did not take the suggestion made from this side of the House and withdraw the bill for re-drafting.

Bill reported.

CANADA—WEST INDIES TRADE AGREEMENT

Hon. J. A. ROBB (Minister of Finance) moved the second reading of Bill No. 15, an act respecting trade relations with British West Indies, Bermuda, British Guiana and British Honduras.

Sir HENRY DRAYTON: Before we go into committee and before making any objections to the motion I take it that this will be the last order of business called to-night?

Mr. ROBB: Yes.

Mr. CAHAN: I understood the Minister of Finance to agree that before the bill would be finally dealt with we were to have some further information. He was to give us a complete statement of the probable cost of the subsidies for the ships on this service, the capital cost necessary to build the ships to carry out the agreement if it is ratified, and the probable annual cost of maintaining them.

Mr. SPEAKER: I might suggest that this information could be better given in committee.

Motion agreed to and the House went into committee thereon. Mr. Duff in the chair.

Section 1 agreed to.

On section 2—Agreement approved.

Mr. CAHAN: I think, Mr. Chairman, before the agreement is approved is an opportune time for the minister to give us the information which he promised when the resolution was before the House, as to what is the capital cost of carrying out this agreement and what is the probable annual cost by way of subsidies and otherwise.

Mr. ROBB: That is quite a proper question. When the measure was before us a few weeks ago I told the House that we had advertised for tenders and that the tenders were to be opened on a certain date. We received in answer to our invitations submissions from two parties. Neither of these tenders was accepted. We concluded that it was not in the public interest to accept them; they were too high. Since that time we have been advised that the Royal Mail Steam Packet Company, which for some years has carried on a service to part of the islands, was now prepared to carry on a monthly service without a subsidy, and the Canadian Government Merchant Marine are giving alternate services on dates that will not conflict with the sailings of the Royal Mail Company, so that the service generally agreed upon in 1920, while not actually coming up to the 1920 requirements, will be as good as we have had heretofore.

I have been approached by people who were largely interested in the trade between Canada and the West India islands wanting to know how soon this agreement would be brought into force. My hon. friend knows that this agreement comes into force by proclamation. The West India islands has passed the necessary legislation, and when Canada passes the legislation the Governor in Council will have a time within which to issue the proclamation if they so desire.

Bermuda adopted the necessary legislation on August 7, 1925; British Honduras, August 20, 1925; British Guiana, September 25, 1925; Trinidad, October 16, 1925; Jamaica, October 22, 1925; the Windward Islands, Grenada, St. Vincent, St. Lucia, February 20, 1926, approximately; the Leeward Islands, Antigua, Montserrat, St. Kitts, Nevis, March 3, 1926; Barbados, April 6, 1926. The Baha-

mas is the only colony that has not yet ratified the treaty.

I said that I had been approached to know how soon this agreement would come into force, and I asked the gentleman why he desired that information. "Well," he said, "I would not like you to make it public just now, but we are interested in the trade between Canada and certain West India islands, and we propose to put on a line of steamers between Canada and certain of the West India islands, the only condition being that we do not wish to be bound down by any subsidy."

11 p.m.

We are also advised by a gentleman from Vancouver that he is putting on a line of steamers between the Canadian Pacific coast and the West India islands. My hon. friends will observe from this that we may possibly get a better service than we had at first anticipated, and at very much less cost. That is the position to-day. After parliament has approved of this agreement the government, I submit, will probably be able to provide the necessary service without very much additional cost to the Canadian people. My hon. friend will recall that for some years past we were paying to the Royal Mail Steam Packet Company $340,000 a year. The service required under this agreement is practically the same as was required under the 1920 agreement, but Canada has never lived up to those requirements. We have never been able to provide the service, for the reason that it cost more than we thought was justified. Now it would appear that under the new agreement letting down the bars and enabling trade to flow more freely between Canada and the West India islands, the West India islands reducing their tariff against Canadian products and Canada reducing her tariff against West India products, the trade will be such as to encourage shippers to put vessels on that service. That is the position as it is to-night.

Mr. CAHAN: I am grateful, Mr. Chairman, to the hon. minister for the summary which he has given of our previous discussion, but the committee should have information as to the cost of carrying out article IX of part II of the agreement. I suggest to the hon. minister that the fact that the Royal Mail Steam Packet Company has announced that it intends to carry on a service without any subsidy whatever from this government, but a service which does not comply with the terms of this contract, renders it still more difficult for the government to obtain a service in competition with the Royal Mail which will comply with the terms of this contract. It means more competition. It means that the company which supplies the service to carry out this contract with the British West Indies will have greater competition than any West India service ever had before and will require a heavier subsidy in order to comply with the terms contained in article IX of part II of this agreement.

Again, the minister says that other parties are speaking of putting on an additional freight service. It is quite possible that they may. One service may have two or three competing steamship lines, but the fact that these competing lines are now being inaugurated by independent companies, instead of enabling the government to perform its contract with the British West Indies, places a heavier burden still upon the minister, as it means a still greater subsidy from the federal treasury in any event, in order that the government may procure suitable steamship service to carry out the terms of this agreement.

Further, I think the minister will admit that none of these other independent lines to which he refers will give the service of the quality called for in this agreement. When in another bill reductions were made in the tariff to correspond to a reduction made in every item under this agreement with the British West Indies, I thought the minister was granting them as a solatium to the West Indies without having any real intention of carrying out the other part of the bargain with regard to the steamship service. It was a most extraordinary proceeding. I think I am right in saying that every single reduction in the proposed tariff under this agreement in favour of the West Indies has already been made in the bill which has passed this House dealing with tariff reductions. By section 3 of Bill No. 15 these reductions are only to come into force when this agreement is ratified. Section 3 reads:

> After the said agreement is brought into force, and so long as it remains in force, goods mentioned in the said agreement, the produce or manufacture of any of the colonies parties to the said agreement, which are conveyed without transhipment, except transhipment at a port of any of the said colonies, by ship direct into a sea or river port of Canada shall be admitted to Canada at the rates of duties provided in the said agreement.

I do not know whether the tariff bill has already passed the Senate and been approved By His Excellency the Governor General, but when it is so approved there will be no further need for section 3, because every reduction contemplated by this agreement has already been made by special enactment. Bear-

ing that in mind, and proceeding to article IX of the contract, I find the following:

Subject to the ratification of the present agreement as hereinafter stated in Article XII, the government of Canada will arrange for a mail, passenger and freight steamship or motor ship service to come into effect as soon as possible, and in any case within fifteen months after the date of the ratification of this agreement, between Canada, Bermuda, the Leeward islands, the Windward islands, Barbados, Trinidad and British Guiana, on the following lines:

1. A fortnightly freight, passenger and mail service from Canadian ocean ports all the year round, calling each way at Bermuda, St. Kitts, Nevis, Antigua, Montserrat, Dominica, St. Lucia, Barbados, St. Vincent, Grenada, Tobago, Trinidad and Demerara.

2. The vessels shall be of from 5,000 to 6,000 tons gross, capable of maintaniing an ocean speed of not less than 12 knots, and providing accommodation for 100 first-class, 30 second-class, and 100 steerage or deck passengers, and shall be provided with 'tween decks, and cold storage accommodation as required, but not less than 10,000 cubic feet.

Now dealing with that question of that competitive route, I ask the minister to tell us frankly whether there is any probability of any of these independent companies to which we have alluded giving a service which will be adequate to the demands of these sections of the contract with the West Indies? I think not. In view of the additional competition which we now know there will be on that route, it will require a still larger subsidy from the treasury of the country in order to secure a new competing line under government direction to meet the demands of clauses 1 and 2 of article IX. Clause 3 of that article reads:

In addition to the foregoing the government of Canada will provide a fortnightly freight service with vessels of 4,300 tons or thereabouts dead weight, and a speed of about 10 knots, from Canadian river ports in summer and from Canadian ocean ports in winter calling at St. Kitts, Antigua, Barbados, Trinidad and Demerara.

It is possible that that particular freight service may be obtained in some way. I am so ignorant of it that I cannot speak decidedly, but I do not think there are in the government merchant marine at the present time boats that would adequately supply the freight service called for by clause 3. By making arrangements with some other freight line however, that service may be provided. But what is it going to cost? What is the estimate of the government as to the subsidy necessary to provide the service? If new steamships have to be built, as they may have to be, what will be the capital cost of their construction? The minister should not expect us to go it blind. We are all willing to make concessions to the British West Indies, but we should know what the cost of these concessions will be. We have already made, and parliament has voted, concessions in the past, but we should have some estimate of the probable cost of these services.

Then there are some provisions in article X with regard to the reservation of freight space and passenger accommodation. Then article XIII has to do with another service which is likely to prove the more costly of the two. Article XIII reads:

The government of Canada undertakes to provide as soon as possible, and in any case within fifteen months after the ratification of this agreement as provided in article XVI, a fortnightly mail, passenger and freight service between St. Lawrence ports in summer and such Canadian ocean ports in winter as may be designated by the Canadian government, and calling both ways at Bermuda, the Bahamas, and Kingston, Jamaica, alternating with a fortnightly freight service between the said Canadian ports and Kingston, Jamaica, direct.

1. Passenger steamers to be similar in size to those proposed for the eastern route, that is to say, from 5,000 to 6,000 gross tons, ocean speed 14 knots, accommodation for 100 first-class passengers, with 'tween decks, and refrigeration for about 70,000 stems of bananas, and also cold storage for Canadian meats, fish, butter, cheese and other dairy products from Canada to the colonies and for fruit, green vegetables, etc., from the colonies to Canada.

2. Each of the freight steamers shall also have a speed of about 10 knots and refrigeration for about 50,000 stems of bananas.

3. A steamer operating on a fortnightly schedule connecting with the steamers specified in Article XIII-1 shall be supplied by the government of Canada between British Honduras and Kingston, Jamaica, of about 1,000 tons, speed 10 knots, with accommodation for at least 20 first-class passengers, and cold storage.

I do not think the minister can suggest that any steamship company in Christendom proposes to perform this service under article XIII without a very large subsidy. In fact I would suggest to the minister that no subsidy parliament would offer would be sufficient to procure that service at the present time, and the contract if ratified may necessitate the construction of steamers at the government's expense for the purpose of carrying it out.

With regard to the subsidiary service between Kingston, Jamaica, and British Honduras, it is only a ship of 1,000 tons with a speed of ten knots and accommodation for twenty first-class passengers, but I do not think any sane man would suggest that that service could be supplied without a subsidy, I know something of conditions in that country and I do not believe any sane steamship man is going to tender for that service, even though it is only a small service of 1,000 tons, without a considerable subsidy. Therefore we are in this position: we are asked to pass a bill ratifying an agreement, and under clause 6 of the bill the Governor in Council may make such orders and regulations as are deemed necessary to carry out the provisions

and intent of the agreement. Am I right in inferring that clause 6 empowers the Governor in Council, without any further enactment by parliament, to subsidize these steamships or, if a subsidy will not procure the service, to build ships at an expense of, say $5,000,000, a reasonable amount for one service, or $10,000,000 for two services? Does that mean that the Governor in Council is now taking authority to make all the financial arrangements for carrying out the provisions of this legislation and the said agreement? The legislation is broad enough, and I suggest that it should not be passed by the committee until we have some clear idea of the capital cost and also of the annual expenditure. I would ask the minister, having had the information which is available to him: what is the capital cost of constructing ships with an adequate capacity and giving a quality of service such as is demanded under this agreement for the two main services and the subsidiary service to British Honduras?

Mr. ROBB: As I have already intimated, the promised increased trade is such that we hope the subsidy required will be much less than we at first anticipated. I do not want to repeat, because I imagine my hon. friend was following me. I have already told him that the Royal Mail Steam Packet Company are carrying on a monthly service without any subsidy; that another company are prepared to put on a line of steamers plying direct to Canada.

Mr. CAHAN: Which service is that?

Mr. ROBB: That will be on the western service. A line of steamers is already plying between the British West Indies and the Pacific coast of Canada. We think the better way is to ratify the agreement in the hope that the promised increase trade will encourage shippers to go on that route with very little subsidy. I admit at once that it may be necessary, in order to meet the wishes of the different smaller islands, to subsidize a certain service to connect with some of these trunk lines for trans-shipment in the islands, but we are not going to ask parliament at this session to vote any more money than we have been voting for a number of years. Under this agreement, if it goes through, as regards subsidy and the promised steamship service Canada will be in no worse position than we were in under the arrangement of 1920. We shall be in this much better position, that owing to the reduction of Canadian tariffs and the tariffs of the West Indies, there will be a larger flow of trade to and from the West India islands.

Mr. CAHAN: The minister has not been entirely frank with me. He has not met the clear objection that those services which are entirely independent of the government, which refuse any subsidy from the government, which refuse to come under the control or direction of the government, will be directly competing with the service which he is engaging to subsidize.

Mr. ROBB: If we get the transportation between Canada and the West India islands without subsidy, does the hon. member imagine that the West India islands, who are a party to this agreement and who under it will be compelled to pay for certain services, will subsidize another line? All they want is transportation to get the business.

Mr. CAHAN: But the minister knows that neither of the services projected are of the character, class and quality demanded by this agreement. He knows full well that this agreement will not be complied with by any of the services projected by any of these independent parties. He knows that this very competition necessitates a larger subsidy from the federal treasury in order to induce another competing line under the direction of and subsidized by the government to supply a service of the character, class and quality demanded by this agreement. The governments of the West India islands are not to be put off simply because some independent company comes in and supplies a second or third-rate service which does not comply with the terms of the agreement and does not fulfil the obligations that the government and parliament of Canada are undertaking in this legislation.

We are already making reductions in the tariff in favour of the West Indies, but the minister is very optimistic when he assumes that the increase of trade under those reductions is going to be so enormous as to supply two or three competing services. I know we had the figures in regard to the trade supplied by the minister, but anyone who knows the British West India islands knows that there is only so much trade and that even under these reductions that trade is not going to increase very largely in volume. I would ask the minister again: Will he give us some estimate of the cost to the government of building the ships necessary to carry out these two main services and the subsidiary one to British Honduras in case it becomes necessary for the government to build ships and to put them into those services? It is utterly useless to say that we are no worse off than under the 1920 agree-

ment. The minister knows that we could not carry out that agreement; he knows that both the former government and his own found it impossible to do so. It was impossible to supply ships of the quality, character and class demanded by that agreement. Why therefore put our necks in the noose again before we find out whether we are now in a position to live up to the agreement, and what the capital cost will be if we build ships of our own—ships which in any case will undoubtedly run at a heavy loss—or in the event of our having to subsidize other steamship companies to assume the service. We ought to have clear information on these points.

Mr. MacLAREN: An important part of the West India agreement is the provision that there shall be a steamship service of certain specifications. The ships shall be of a stated size and speed, with a specified amount of cold storage facilities. That is an important condition in the treaty. I understand from the minister that it is proposed to supply the service in part through the old steamship company which previously operated.

Mr. ROBB: Not necessarily. I said they were carrying on the service now.

Mr. MacLAREN: That part of the service will be performed by the old line, and in addition to that the Canadian merchant marine will operate between this country and the West Indies. Now it has always been considered of high importance that the steamship service shall consist of larger and speedier boats, properly equipped with cold storage. Is that true of the Canadian merchant marine? I understand that these boats are not up to the requirements in speed, size or accommodation. If this service is to be performed in part by the Canadian merchant marine will these boats meet the requirements called for in the treaty? The minister might inform us on that point.

This question occurs to me: Will the West Indies be satisfied with the service which the minister has suggested to be carried out by the Canadian merchant marine? The committee would like to hear what the minister has to say in this regard. But whether the West Indies are satisfied or not, I am afraid that we shall not get the improved service which we counted upon and which is essential if we are to develop a proper trade. I have been looking through the bill, but I have not been able to find the section in reference to the option of calling at United States ports. I understand there is a section making it optional for ships to call at United States ports either coming or going. While this may not affect the general principle of a preference being given to freight coming to Canada, it is nevertheless very objectionable, in that it interferes with the policy, which is supposed to have been kept in view, of furthering the development of trade through Canadian ports. There is a possibility that in view of this option, United States ports may be made use of. I know that representations have been made to the minister from different boards of trade protesting against this clause, and we shall be glad to hear what he has to say, if he still adheres to the provision making the use of American ports permissive.

Mr. ROBB: When we invited tenders we put in this provision:

> In addition to the calls specified above, tenders may be submitted for either or both services or any part thereof including calls at one port in the United States in either or both directions.

That was inserted with the idea that possibly we might secure a somewhat lower bid, while steamers would be able to stop at one of the United States ports and pick up passengers. The tenders received were not accepted by the government, and there is no provision in this bill for calls at United States ports.

Mr. MacLAREN: The tenders are based on this bill.

Mr. ROBB: Yes, but in the bill itself there is no reference to United States ports. My hon. friend (Mr. Cahan) has stressed the importance of submitting to parliament an estimate of what the service is going to cost. The tenders to which I have referred were called for in order that the government might know approximately what the service would cost, and I think hon. gentlemen will agree with me that it is not in the public interest to advertise what those tenders were which the government deemed too high. We shall have fifteen months in which to determine what service can be provided and whether or not it will be mutually satisfactory to Canada and the West Indies. If any vote is needed for the subsidy we shall be obliged to come to parliament, and parliament will have the power either to reject or to accept any such vote. My hon. friend (Mr. MacLaren) points out that boards of trade have protested against any calling at United States ports. As I have already indicated, we are not pressing that provision. It was included in the tenders only for the sake of obtaining information. Certain boards of trade protested against some aspects of the agreement, but there are other boards of trade that have strongly urged us to put the matter through. Before I sit down let me quote a couple of

communications under my hand. The first is from the Toronto Board of Trade and is dated March 20, 1926:

At a meeting of the executive of this board held yesterday the new trade agreement between Canada and the West Indies was discussed. It was the unanimous opinion of the committee that it was of the utmost importance that as all of the islands interested had approved of the agreement, it should be ratified by the parliament of Canada with the least possible delay. It was particularly gratifying to learn from the press last evening that you had brought the matter forward in the House yesterday, and that the recommendation of the government, through the hon. Minister of Trade and Commerce, that the parliamen ratify the agreement, was so favourably received by both sides of the House. This action is most commendable and we sincerely trust that no time will be lost in completing whatever further procedure is necessary to ratify the agreement and advise the various West India islands accordingly, so they may be assured of the sincere desire of the Dominion of Canada to co-operate with them in getting the best possible results in our mutual interests from the operation of the agreement.

The communication is signed by Mr. Wilson, the president. I have also a letter from the Montreal Board of Trade directed to the Minister of Trade and Commerce on June 16, 1925:

Steamship communication. Satisfactory and successful steamship services are dependent on favourable tariff arrangements and resultant increased business; our recommendations therefore in regard to the steamship communication should be consideraed accordingly.

Now we have by reduction of our tariff encouraged more business with the West Indies, and the West Indies have encouraged more business from Canada. That is why to-day the steamship companies are coming to the government and saying, We are prepared to put on this service as soon as the agreement is ratified. I think the government might well be trusted to find out how far these steamship companies will go in providing a service to the extent that will meet with the approval of the different West India islands. I repeat, before going into the additional expenditure the government must come to parliament, and we have fifteen months to do it.

Mr. CAHAN: Is it not a fact that by ratifying this agreement not only are the government and parliament bound, but the honour of the country is irrevocably bound to carry out its terms.

Mr. ROBB: No more than we were bound in 1920.

Mr. CAHAN: I am not talking of the breach of faith in 1920, which was complained of so much and gave rise to a great deal of discussion. We do not want another breach of faith. If parliament is bound by this agreement, it will not be bound any more than when that breach was made; but now, knowing that the government of Canada declared it was impossible to carry out the terms of that agreement, knowing that that is what caused the breach of faith on the part of the Canadian government and the Canadian people, we should know exactly what we are doing now. We are pledging the honour of parliament to carry out the terms of this agreement to the full. The government cannot complain that they entered into the agreement with lack of knowledge; they have had ample opportunity and had their eyes opened by the previous breach of faith on the part of this country—a breach of faith for which I am not blaming the hon. gentleman. Therefore we should consider that fact now when we are pledging ourselves to carry out this agreement. What good is it to say that within twelve months, that is, within another session, the government will come down to the House, and parliament may then be called upon to vote the necessary supplies to carry out the agreement, say $10,000,000 on capital account and $1,000,000 or $2,000,000 to provide for the annual deficit? Parliament next session is in honour bound to ratify whatever sum the hon. gentleman may ask for to carry out the agreement, because to-day we have pledged our faith to carry it out to the full. The hon. gentleman says, But let us wait for a year or fifteen months; we have not to put on the new steamers before that time. Well and good. Will he suggest that the Royal Mail Company or the other independent steamship company have announced that without any subsidy from the government they are entering upon the freight and passenger business for one service or the two and a half services—because it is a sort of two main services and one subsidiary? He knows that neither the Royal Mail nor the other company to which he referred has the slightest intention of placing in the service steamships of the character, class and quality required under this agreement, and he knows just as well as he sits in his seat to-night that the British West Indies, after having been fooled once and having received formal encouragement as to the class and character of this service, will not be satisfied with the inferior service which these independent companies propose.

The hon. gentleman says he has received two tenders both of which he has rejected. Did he receive tenders for the two main services and for the subsidiary service? I do not know; he knows, but he has never told us. The general impression of the public is that no tenders were received whatever for one of the main services, or if it was re-

ceived that the cost was so appalling there was no prospect of the government accepting it. Now the hon. gentleman can tell us at once if he received any tenders for the two main services. Did he receive a tender for the subsidiary service from Jamaica to Honduras? If so, now that those tenders have been rejected, why should we not know in round figures what was the aggregate of the tenders received? That will give parliament some idea of the financial obligations which we are undertaking and of the amount we will be called upon to vote at the next session of parliament in order to implement this statutory pledge and demonstrate the good faith of Canada towards the British West India governments.

Mr. MALCOLM: Mr. Chairman, I do not propose to answer for the minister as to the cost of the service, but it seems to me that the hon. member for St. Lawrence-St. George is simply putting up a bogey man to be knocked down. As a member of the committee which negotiated with the representatives of the West Indies, I found no feeling of such a terrible breach of faith as he speaks of on the part of the Canadian government in not supplying the full service under the 1920 agreement. Hon. gentlemen who came from the West Indies deplored of course that the service was not quite what had been hoped for, but they did not charge the Canadian government at all with any breach of faith. They pointed out that by the negotiations of past governments trade had been increased. Our imports from the West Indies have grown from $9,000,000 in 1913 to $24,000,000 in 1921, and our exports have increased from $5,000,000 to $18,000,000 under the service that the hon. member for St. Lawrence-St. George claims was so inadequate. They did point out to us that they wanted a somewhat better service. We all realized that it is difficult to obtain boats of a suitable class for that particular service. Only boats of eighteen-foot draft can be used on account of the bar that has to be crossed at Demarara, and such boats are not easy to secure. But I think the House should view the matter in a very broad sense. Practically every business man who has seen our trade increase with the West Indies between 1913 and 1921, and realizes that the total trade of the West Indies with other countries is $90,000,000, feels that is will be easy to develop our trade to the $30,000,000 mark. It is easy to imagine 100 per cent increase. Supposing by a diversion of the trade bananas are brought in through Canadian ports, supposing we do double our trade with the West Indies, I think the minister is perfectly justified in asking parliament to trust him. He has knowledge which he has not revealed to me, and which I think it would be unfair to ask him to reveal to the House, and although I cannot speak authoritatively for him, I believe from what I know of the negotiations there is every reason to expect that the increased volume of business with the West Indies will decrease the cost of the subsidies.

The hon. member for St. Lawrence-St. George speaks of national honour. I do not believe, Mr. Chairman, there is going to be any loss of national honour whatsoever under this agreement. I believe it is going to be possible to provide the service required, for the reason that the trade will be there to justify it. We have been endeavouring for some years to divert Canadian money to the British West Indies as a winter resort. A good deal of Canadian money goes to Florida and California, but the West Indies contain delightful spots in which to spend the winter months, as we all know. If anything like a reasonably good passenger service is provided there is every reason to hope that there will be many more Canadians travel to the West Indies than go at present. Speaking calmly, as a member of the committee, I have every reason to assure the House that, from my knowledge of the negotiations, the members of the West India delegation hold no grievance against either the late government or this government because of the service of 1920. We did the best we could; the service was not what it should have been but, Mr. Chairman, I think every member of the House will admit that the trade did increase enormously even with the service we gave. With the advantages of trade which have been given by both sides it is surely reasonable to suppose the trade will increase, and that because of the increase the Minister of Finance will have no difficulty whatever in supplying the service provided for under this contract.

Mr. ARMSTRONG (Lambton): I wish to say a few words in support of the position taken by the hon. member for St. Lawrence-St. George (Mr. Cahan), whose remarks were referred to by the hon. member for North Bruce (Mr. Malcolm) as a bogey. If the hon. member will carefully read this agreement into which we are now asked to enter he can come to no other conclusion than that it is a most serious and vital question with which to deal. If he will read clause 9 referred to by the hon. member for St.

Lawrence-St. George he will see why members of this House should take great care as to the way in which this treaty is accepted.

This treaty demands that we establish a fortnightly passenger and mail service from Canadian ocean ports all year, calling at certain ports in the West Indies. Then paragraph 2 says the vessels shall be of from 5,000 to 6,000 gross tons, capable of maintaining a speed of not less than twelve knots per hour and providing accommodation for one hundred first class, thirty second class, and one hundred steerage or deck passengers. Does the hon. member for North Bruce think that is an easy thing to agree to? Does he think this government would be wise to undertake to build such vessels?

Mr. MALCOLM: We do not have to build them.

Mr. ARMSTRONG (Lambton): This is the agreement.

Mr. MALCOLM: We have to provide them.

Mr. ARMSTRONG (Lambton): That is true, but if we enter into a definite agreement with the West Indies we must carry it out.

Mr. MALCOLM: We will carry it out.

Mr. ARMSTRONG (Lambton): In addition to all that in paragraph 3 it says:

> In addition to the foregoing the government of Canada will provide a fortnightly freight service with vessels of 4,300 tons or thereabouts dead weight, and a speed of about ten knots, from Canadian river ports in summer and from Canadian ocean ports in winter—

Calling at a number of places. Then article XIII goes on in the same way. There is apparently no end to the promises made by this government in this connection. If we are going to carry out these promises we must expect to spend an enormous sum of money, and the member for St. Lawrence-St. George has merely asked the Finance minister to give us a reasonable estimate of the amount of money which will be expended. If he does not care to do so surely it is a wise thing to ask him to place on record the amount of money asked by those who have tendered for this service? I certainly support the hon. member in his request.

Mr. MALCOLM: Will the hon. gentleman permit a question? If he were Minister of Finance and received some tenders would he like to give in advance to those tendering an idea of what he expected to pay?

Mr. ARMSTRONG (Lambton): The minister has asked for and received certain tenders. Is it unfair or unreasonable to ask that the members of this House as well as the Minister of Finance should have access to those tenders?

Mr. MALCOLM: It is very unfair.

Mr. CAHAN: Should we not know the amount, without knowing who the tenderers are?

Mr. ARMSTRONG (Lambton): We should know the amount, and we would then have some idea of the cost of this treaty.

Mr. STEVENS: There seems to be a fair approach to unanimity of opinion as to the desirability of developing this trade. Speaking for myself I heartily approve of any reasonable effort to stimulate trade between Canada and the West Indies. This particular treaty is one of the things I have urged in the House for many years as a desirable step in our trade development. The minister will also recall that I often pleaded with him for the development of trade with other sections of the empire, and I hope he will find it possible to take those matters up now. There is, of course, some apprehension in the minds of some who have spoken with regard to the cost, and I have no hesitancy in saying that so far as it is reasonable the minister should, and I am sure will, be desirous of satisfying that anxiety or curiosity. The hon. member for St. Lawrence-St. George has asked the minister to uncover the tenders he received, and I confess that I see some difficulty facing the minister in so doing. I think we should assist the minister as much as we can in this regard, and if the minister were to uncover these tenders here—which would mean to everyone—

Mr. CAHAN: Will you allow me to interrupt? I did not ask that; I asked for a general statement of the aggregate cost, based upon these tenders.

Mr. STEVENS: I think what my hon. friend asks is not unreasonable, but I am now arguing rather from the minister's point of view. I can see a difficulty, and I think perhaps there is a way out. It would be unfair to ask the minister to uncover these tenders, because the ultimate result would be to prejudice his efforts to bargain for better terms from other sources, or even from the same sources. If it were possible to satisfy the demand of my hon. friend as to the round figures without uncovering these tenders, that

I think might be conceded. I was sitting here thinking the matter over pretty carefully, not only to-day, but I have thought this agreement over pretty carefully for some months, and I was going to suggest to the minister that he might as the Minister of Finance and on his responsibility as a minister give to the House some general assurance in the matter. I realize that it is difficult for him to pledge himself definitely to any maximum figure. It is very hard to ask a government to tie its hands to any fixed amount; that may be difficult. On the other hand, I think the House is entitled to some assurance from the government to which parliament could hold the government afterwards. In other words, the government ought to take some responsibility, and the minister, I know from his past record and from my acquaintance with him, has never hesitated to take responsibilty where he felt he could properly do so. I gather from his words that he might be able to give to the House an assurance that would meet fairly all the demands and still leave himself free to carry on negotiations with these various interests that he must approach and deal with in order to give full effect to the treaty.

I would like to say this, Mr. Chairman, for my own part. This treaty is of very, very great interest to the western section of Canada. To the eastern section we know that it is important. We have developed in the last six years a trade running from about $5,000,000 to $17,000,000, and in one year it ran to $22,000,000, which is quite an important factor. But there has been very little development of trade from the Pacific coast largely because during all the years of the war there was no traffic through the canal at all through lack of tonnage, and subsequent to the war, up to three or four years ago, the value of tonnage was so high as to make it unprofitable. But if I am not mistaken, from correspondence I have had recently, the minister is assured of some service from the Pacific coast. If we get that service I can say this from my knowledge of the trade, that it will open up an opportunity for a great expansion of trade from the western section of Canada which I hope in time will parallel the development from the eastern section. All of this is of value, something that I think we ought to strive to secure.

12 m.

So my general feeling towards the treaty is one of encouragement and support, and I would again suggest to the minister—I do not do it in any spirit of criticism or obstruction—that perhaps he could give to us some measure of assurance as to the limitation—shall I say?

[Mr. Stevens.]

—of the cost of these services. I think if we could receive that, there might be fair unanimity of opinion regarding the advisability of the passage of the agreement.

Mr. ROBB: That looks like a fair compromise.

Mr. CANTLEY: If I did not misunderstand the minister when this matter was up before, he made some objection then to giving to the House the figures as to the cost of the service until the tenders were opened, and until he had reached some decision in regard to the matter. I take it that he has reached a decision, and I do not quite see how his hands are going to be tied or he is going to be hurt very much if, having made up his mind that the tenders were too high and that he is not going to accept them, he should tell the House the figure that he will not accept. Giving the figure would only intimate to the people who are likely to tender for the service that the service cannot be entertained at that price.

In regard to another point, I understood the minister to say that he had fifteen months in which to negotiate and make up his mind. I do not so understand it. As I read the contract, the government have fifteen months after ratification in which to provide the steamship service. I assume that we will ratify the agreement now. But the boats have to be provided, and if we are going to keep faith with the West Indies, the boats must be in active service within fifteen months. The minister and everybody else in the House knows that you cannot take eight or ten boats of this character down off a shelf. It is going to take months, the large portion of a year, to build those ships. The ships are of a character not to be picked up. They are of shallow draft, of a certain size and a certain speed. Contracts have to be made with shipowners who are prepared to go into the market and contract for the ships, and then they must have them built and in service within fifteen months to comply with the terms of the agreement.

I am rather surprised that the hon. member for North Bruce should inform the committee that there was no great feeling in the West Indies in regard to the character of the service we have had in the last few years. My information, and from what I have seen of the West Indies and of West India people up in the Maritime provinces, is quite the contrary. We ourselves, as a matter of fact, were ashamed of the service. That is the real fact, and any Canadian who has travelled on those boats should have been

ashamed of the service. They were four old discarded boats that the Royal Mail Company was running down to South America fifteen years ago. They were dirty. We shall never get any great volume of West India tourist traffic with boats of that character. Are we going to break faith with the people of the West Indies again?

I take it that it is not honourable on the part of this country to enter into a contract such as this, and with our tongue in our cheeks say: We have fifteen months to decide, and then we will see whether we will put on this service or not. If we are going to ratify the treaty, let us do it in good faith; let us carry out our obligations. If we do not intend to face the cost, let us say so now; let us tell our cousins in the West Indies that we are not prepared to meet the cost. But for the Lord's sake do not now sign another contract with no intention of carrying it out. I was hopeful that we would have a large tourist trade from this country to the West Indies. The senior member for Halifax is not at all sanguine in regard to the outcome of the treaty. He ought to know better than I do, but I know this, that without first-class boats it is impossible, and to keep on the route boats of the character we have had is simply impossible, a disgrace to this country, and an insult to the people with whom we have made the contract.

Mr. ROBB: As I was proceeding to say in answer to the hon. member for Vancouver Centre, there might be a possibility of compromise if we were to make a commitment on behalf of the government that we would enter into no additional subsidy without the approval of parliament, that any contract we make will be subject to the approval of parliament. We will ask parliament this year for the usual vote of $340,000, but we may vary the wording of the vote—I have not looked at it lately—so that we shall not be confined to one company.

Answering further my hon. friend from Vancouver Centre, I had a letter from a firm in Vancouver advising me that they were putting on this service, but unfortunately the letter has been mislaid and I have not got it here to-night, but as I recall the letter, the following statement which appeared in a western newspaper is correct:

> Bright trade prospects in the Caribbean, resulting from the consummation of a treaty between Canada and the West Indies, have induced the Canadian Transport Co. Ltd., to establish a direct steamship service, between Vancouver and other Pacific coast ports to Port-of-Spain, Trinidad, and other ports in the islands, as inducement offers.
>
> The service, to be known as the Vancouver-West Indies Line, was inaugurated on April 23 with the departure of the S.S. August from Vancouver, the next sailing to be in June, the company announces. Present plans call for a sailing every six weeks or as often as the volume of cargo offering demands.
>
> Agents for this company at Port-of-Spain will be Messrs. Furness, Withy and Co. Ltd.

I repeat that we will not enter into any obligation or any commitment. It will be made subject to the approval of parliament. I agree with all my hon. friend from Pictou has said, and I know that the service was not satisfactory. That is why we did not accept the tender at one time to increase the cost of this service from these people. But it is fair to the Royal Mail Steam Packet Company to say that they have carried on that service for some time at the request of the Dominion government. They were ready to quit. They were not satisfied with the service. But as has been pointed out by the hon. member for Bruce a moment ago, the increased trade has induced other companies to come along, and the government believe we will be able to obtain service at a lower cost than previously estimated. But my hon. friend is wrong in one thing. I hope I did not say that we have fifteen months to decide; I said that we had fifteen months to provide the service. The hon. member from Vancouver Centre has taken proper ground: if we give the figures now it is an invitation to other tenderers to come up nearer to them. I think it is better in the interest of Canada that these figures should be left in the department. If necessary we will invite other tenders and consult our friends of the West India islands, who were a party to this agreement and who must provide a percentage of the subsidy. If the increased trade will encourage the shipping firms to put on a service that will be satisfactory to Canada and the West India islands, why should we pay a large subsidy to others to compete with them?

Mr. CANTLEY: I certainly understood the minister to say—and I think he did say it, but I accept his explanation—that the House had fifteen months to decide. I understand he thinks differently now. The point so far as the Royal Mail is concerned is that the boats will not meet the expectations of our people or the people in the West Indies.

Mr. ROBB: We admit that.

Mr. CANTLEY: So that the talk about those boats is to my mind out of the question. Now to provide a service of boats

of the class asked for, 5,000 to 6,000 tons, with a speed of 12 to 14 knots, is going to run into a lot of money. It will have to be a special class of boat.

Mr. ROBB: How much will the cost be?

Mr. CANTLEY: Eight or ten millions. I hope we will get them. I would like to see the service inaugurated, but it will not be inaugurated except at a much greater cost than the minister has in mind.

Mr. CAHAN: A capital expenditure of ten million dollars at the least.

Mr. MALCOLM: The hon. member for Pictou misunderstood me. I did not say the people of the West Indies were not complaining about the West India service. I said the delegation which came here did not consider the lack of service as a breach of honour. They realized that the Royal Mail Steam Packet Company were doing the best they could. They were willing to keep on the service year by year at the request of the government, and they realized that something had to be done to justify a better service. But after negotiations were over they left with the feeling that the volume of trade between the West Indies and Canada, with the concessions offered to Canada by the West Indies and the concessions offered to the West Indies by Canada, would justify the establishment of a better service. I was pointing out that the stand taken by the hon. member for St. Lawrence-St. George, that we were being accused of a breach of faith, was hardly justified. It was admitted that while the boats were not good they were as good as could be expected for the volume of trade offered.

Mr. CAHAN: I did not say the commissioners who were here in their negotiations with the government openly stated that there had been a breach of faith with regard to the 1920 agreement. They were here to negotiate; they were met by commissioners who told them it was practically impossible for the government to carry out the 1920 agreement, and they accepted that statement. They then sat down and negotiated this arrangement, the assumption being—and I think the hon. member who has just spoken will admit it—that this was an agreement that would and could be carried out by the government in good faith, if approved by the Canadian parliament. I was referring to the West Indian people. I know the West Indies; I have been there time and again. I see their journals, and I know that throughout the West Indies, in the public press, the suggestion has been made that there had been a breach of faith on the part of the Canadian government in respect to the 1920 agreement. I was not referring to the officials who were negotiating. Here we are ratifying the agreement, and its ratification, we undertake to provide, either by subsidy, by purchase or by construction, the ships required to perform this service. When we do that we are bound in honour to carry it out, because we have entered into it with our eyes open. It is not a proper reply to the House to say that the capital expenditure of $10,000,000 required to build those ships or to purchase them will be provided for in a measure which may be accepted or rejected by the House. If the minister comes down next year with a provision for a capital expenditure of $10,000,000 for that purpose and tells us that that is the only practical way in which we can carry out the agreement, we cannot refuse him the money. We have already voted, or we are bound in honour to vote at a subsequent session of parliament, the entire amount required; if the minister says it is necessary to construct these ships at a cost of $10,000,000 we are bound to vote that amount. We may criticize him a bit, but, so far as parliament and the public and the government of the West Indies are concerned, we are bound to vote the money. We should not commit ourselves without having a reasonable idea as to what the cost is going to be.

With reference to making tariff concessions to the West Indies and receiving certain concessions in return therefor, this treaty agreement has general approval, but the whole country is looking to ascertain what the cost will be, the ancillary cost, the additional cost of providing this steamship service. The Minister of Finance read some resolutions passed by the Montreal Board of Trade last year. I think there have been some subsequent communications from the Montreal Board of Trade dealing with the matter, in which they said they are anxious to trade with the West Indies, that they were hoping for an increase of trade with them, but that they wanted to know what the capital and the annual cost of securing that trade was going to be. In the Maritime provinces we have a number of men who are not Liberals nor Conservatives, not confined to one party or the other, who are engaged in the West India trade. They understand that trade, and if you talk to any one of them he will tell you that this proposition should be accepted or rejected according to the cost of this steamship service which the government is bound to carry out. The whole issue before

parliament and the country as to whether the treaty should be ratified or not depends upon the cost of carrying out the treaty after it is ratified. I fully realize, as every hon. member must, that once the treaty is ratified we are committed to the entire cost.

Mr. ROBB: My hon. friend seems to be well posted in discussing costs. How does he arrive at this figure of $10,000,000 that he is repeatedly quoting?

Mr. CAHAN: I have asked different competent men as to what the cost would be of providing a steamship service. In Montreal there are a dozen men who can look at the specification of the service and tell you within a few dollars at least the cost per tonnage of the ships to supply that service. If you ask any of them they will tell you that if you cannot get the ships by a reasonable subsidy, it will cost about $10,000,000 in capital expenditure.

Mr. STEWART (Edmonton): That is to build a completely new fleet?

Mr. CAHAN: To build ships to carry passengers to perform the service in addition to supplying by other means a large part of the freight service. There are many men who understand the shipping business who doubt very much whether you can get ships for both of those services by means of a subsidy.

Mr. ROBB: How much subsidy?

Mr. CAHAN: I do not know; I am not in a position to say. The hon. gentleman knows, and that is the information I am asking him to give the committee. My information is—and he has not told me whether it is correct or not—that he could not get a tender for one of the services for any subsidy whatever. Is that right or not?

Mr. ROBB: My hon. friend is right as regards one company. I am satisfied now that he is fairly well posted.

Mr. CAHAN: All I can say is that I have not been in communication directly or indirectly with any company that has tendered, but there are a large number of people interested who know generally the facts. If it is true that no company of British steamship men could be found to make a tender to carry out the more expensive service—

Mr. MACDONALD (Antigonish): My hon. friend is misinterpreting the remarks of my colleague. The minister said that one company would not tender for both services, but there was a tender for both services.

Mr. CAHAN: I did not understand him so. I would like to have that statement from the hon. gentleman.

Mr. ROBB: There was a tender for both services.

Mr. CAHAN: I will take back the statement. I know now, and the committee knows, but was it not really the government subsidiary company, the Canadian Government Merchant Marine, that tendered for both services? Was it a private and independent company that tendered? Let us be fair to the committee in this matter. My information from competent shipping men is that no independent company—that was the term I used or intended to use—tendered for one of those services. It is true the government has a tender from the Canadian merchant marine, but that tender implied that at the cost of the government the ships would be built or purchased to carry out that service. Let us have the facts fairly. If one of those tenders was from the government's own service, a branch of the government—because the Canadian government merchant marine is simply a branch and under the control of the government in every way—they must have before them the actual facts of the cost of building the ships to carry out that service. Why not tell us? The government are not making a breach of faith with some independent concern.

Mr. MACDONALD (Antigonish): Why does the hon. member want to know?

Mr. CAHAN: Because to-day we are being asked to commit ourselves to the entire expense necessary to provide the ships; we are being asked to-day to pledge parliament to provide subsidies necessary to carry out the other service if it is carried out by subsidy. We are now undertaking, without any adequate knowledge of the cost, to provide the money when the money bills are brought down to provide for these services over a term of years. What is the position of hon. members? It is a matter of utter indifference to hon. members from the west; it does not mean one dollar to Saskatchewan.

Mr. ROSS (Moose Jaw): Saskatchewan is a part of the Dominion of Canada as much as any other province.

Mr. CAHAN: It does not mean a dollar to the trade of Saskatchewan.

Mr. McPHEE: Does the hon. member want to get into a quarrel with us?

Mr. CAHAN: No.

Mr. YOUNG (Saskatoon): Let us express our own opinions and the hon. member can express his.

Mr. CAHAN: I am saying that this service does not mean one dollar of additional value to any of the products of Saskatchewan at the present time.

Mr. YOUNG (Saskatoon): We believe Saskatchewan is a part of Canada and anything that helps any part of Canada indirectly helps Saskatchewan. We have never taken any narrow, selfish view and we do not like to have a narrow, selfish view placed in our mouths by the hon. member.

Mr. CAHAN: I commend the spirit of the hon. member. The position is this, that this is a service which is voted particularly for the benefit of the eastern provinces.

Mr. MACDONALD (Antigonish): Not at all.

Mr. MALCOLM: Does the hon. member realize that the preference on butter and flour is vital to Saskatchewan?

Mr. CAHAN: I venture to say that not one hundred pounds of Saskatchewan butter will go over those lines to the West Indies.

Mr. MALCOLM: Why should so much Saskatchewan butter be exported to Great Britain?

Mr. CAHAN: I am prepared to discuss the matter of butter with my hon. friend, because I know something about it. This is being promoted for the advantage of the trade of the eastern provinces, and if it is going to cost as large an amount as may be reasonably anticipated for one of those services, there is a great deal of hesitation on the part of members from the eastern section of Canada to give it support.

Mr. STEWART (Edmonton): Suppose it cost $8,000,000 to provide the service and a subsidy was required commensurate with that investment, would it be too much to pay for the service?

Mr. CAHAN: I would think it would be the most ridiculous thing in the world to vote it.

Mr. STEWART (Edmonton): I am speaking not of the investment itself, but of the subsidy that would be required. We are paying now $340,000. It would not entail a very much greater expenditure if we went even to the extent of paying one-half the interest on the cost.

[Mr. Cahan.]

Mr. CAHAN: There are two alternatives. If you provide capital expenditure necessary for these services you have an investment of $10,000,000 which will not return one dollar in income.

Mr. MALCOLM: Why?

Mr. CAHAN: Because it cannot earn one-half of the amount required as interest upon capital.

Mr. MACDONALD (Antigonish): How do you know?

Mr. CAHAN: I know from conversations I have had with people who do know, and I am putting it forward as an intelligent opinion. I am asking the hon. gentleman as a member of the government to give us facts to the contrary. We want to know. We are not going to vote in support of this blindly, without knowing just what the facts are. We are not going to vote in favour of a capital expenditure of $10,000,000 and an annual deficit of a million and a half. The government comes to the House to-night and asks parliament to sanction an annual loss of a million and a half, and it has not the facts to furnish in support of its position. The minister cannot produce one fact in contradiction of what I say. But he hopes to bluff the House into committing itself now to this huge capital expenditure and this considerable annual deficit. We are entitled to have some definite assurance that this capital expenditure to which we are now asked to pledge ourselves will be fairly compensated by a prospective increase in the trade.

Mr. MACDONALD (Antigonish): My hon. friend is either in favour of the treaty or he is not; and notwithstanding all his casuistry in discussing the subject I gather that he is not in favour of it. If he is not, then why does he not say so frankly, instead of evading the issue and suggesting all sorts of difficulties that do not occur to the mind of any other hon. gentleman? What is the situation? Here is a considerable portion of the British Empire which has been trading with the United States, and which now desires to do business with this country. Both the Mother Country and other parts of the empire are anxious to have all British tropical products sold here, marketed in Canada directly instead of through the United States as at prseent. The hon. gentleman comes forward now and declares that while a great number of people are in favour of the treaty he and other hon. gentlemen opposite want to know what were the tenders that were submitted to the government in connection

with the steamship service. He has had conversations with a lot of imaginary people who have told him what the construction of these vessels would cost. Now the government called for tenders and in the case of one service the subsidy was so surprisingly low that I am satisfied the House would accept it without question. In regard to the other service there was only one tender and for an amount which the country need not be afraid of for a moment. My hon. friend pictures a situation in which the government will spend $10,000,000 to provide the necessary service to carry this inter-empire trade, wherein we shall be able to supply from our products such things as the West Indies require and which at the present time they secure from the United States, giving them in return certain favoured treatment. Does any hon. gentleman think that any sound business man would consider it wise for the government to disclose the details of the tenders which have been received? Surely the government would be ill-advised if they did anything of the kind. All these fears which the hon. gentleman has expressed to-night are conjured up purely in his own fancy. The proposition before the House is quite simple: either we want to trade with this portion of the empire, or we do not. If hon. gentlemen are not in favour of the treaty, let them say so. We have no desire to impose any onerous burden on the country for the purpose of providing proper steamships, and there is no ground for the fears of hon. gentlemen. We believe that we can secure tenders from people who are prepared to furnish steamers of the right type for a reasonable subsidy and we ask the House to confirm the treaty.

Mr. CANTLEY: The government has already asked for tenders and has received some which are deemed unsatisfactory. The minister asks what the cost of the fleet will be. May I ask him in turn how many steamers he thinks it will require to maintain the service? Will it be eight or ten?

Mr. ROBB: You will find that in the agreement.

Mr. CANTLEY: I do not find the number of boats mentioned in the agreement; I find merely a reference to a fortnightly service. How many boats will maintain the service adequately? That, I submit, is a fair question.

Mr. ROBB: Three or four on the eastern service and two passenger and four freight boats on the western.

Mr. CANTLEY: The two small 1,000 ton boats can be picked up easily, but the others are not in existence to-day and they will have to be provided. Whether the government themselves will provide these boats or whether they will be built by private capital is not very material to the case except that in one case the country will be committed to a further expenditure in connection with steamship property. And that I do not believe any of us want. There are three items that must be met; (1) insurance; (2) depreciation, and (3) interest on cost. Taking the second first: depreciation on such a fleet would be at least 5 per cent, which would write off the cost of the vessels in twenty years. Less than this would not suffice. Then insurance would run to between 5 and 10 per cent. Suppose we put it at 5 per cent—and it certainly will cost more than that. It may be observed in passing that one of the boats which the company had while in the service became a total loss, so that the insurance is low and is bound to be a considerable item. The least that you could expect shipping people to look for on their investment would be 5 per cent by way of interest. Here, therefore, you have three items of 5 per cent each—all low estimates—or a total of 15 per cent. The minister wants to know what the fleet will cost. I do not know, but I am certain it will cost $6,500,000 and probably $10,000,000. But assuming the capital cost to be $6,500,000—

Mr. MACDONALD (Antigonish): The cost varies according to where the ships are built.

Mr. CANTLEY: Not a great deal.

Mr. MACDONALD (Antigonish): Yes.

Mr. CANTLEY: I do not care where you build them. They may be built a trifle cheaper in Germany, but there would not be very much difference in the cost. I am satisfied there would not be a difference of 10 per cent. Now, the mercantile marine have no boats of their own to put on this service, and if that organization is to take up the service they must therefore go into the market and acquire boats either by purchase or by long term time charter. If therefore we put the cost at $6,500,000 it means that in respect of the three items I have mentioned, insurance, depreciation and interest at 5 per cent each, we shall have an annual charge of something like $1,000,000. And, as I say, these items are all too low. You could not, for example, induce capital to invest in that class of shipping on 5 per cent, nor would you

be able to get insurance at that rate. These items will therefore exceed a million annually. I do not believe the freight and other revenue, in the first few years at all events, would be sufficient to meet the cost of operation. It is difficult to see how the minister is going to get tenders for a service of this kind at a yearly cost of less than $1,000,000. If he does, he is to be congratulated.

The Minister of National Defence wants to know if we on this side of the House are in favour of the treaty or against it. I am in favour of it, but before committing himself every reasonable and intelligent man wants to know what it will cost. That is all we ask of the government.

Mr. ROBB: My hon. friend appears to be a shipping man who is well posted. I suppose he would be willing to admit that the subsidy paid should be in proportion to that trade we are doing with the West Indies? Would that be a fair proposition?

Mr. CANTLEY: I presume you will have to pay a subsidy to provide the ships for the service.

Mr. ROBB: But suppose we pay a subsidy in proportion to the amount of trade, would that be a fair way of measuring it?

Mr. CANTLEY: I suppose it would. You may pay too much.

Mr. ROBB: In 1900 we paid a subsidy to the firm of Pickford & Black—I suppose my hon. friend knows that firm?

Mr. CANTLEY: It is a very good firm.

Mr. ROBB: For one service we paid that firm £27,000, or in round figures not quite $135,000. At that time the total business with the West India islands was less than two and a half million dollars. In 1925 our total business with them was $25,000,000. Now if $135,000 was cheap in 1900 with a trade of two and a half million dollars, my hon. friend's estimate of a million dollars is not too far out. It will not cost that.

Mr. CANTLEY: It is not the same kind of service, and conditions are not similar to what they were in 1900. I am not saying a million dollars is too great; all I want to find out is what the service is going to cost. I have made an estimate; the minister makes none. He comes back at me and asks what the ships will cost. I ask him how many will be required for the service. He says he does not know, at least he would not care to decide. I say the cost of the vessels to meet that service will be between $6,500,000 and $10,000,000, and he cannot run them for less than 15 per cent.

Mr. BLACK (Halifax): Mr. Chairman, I have been more or less associated with the West Indian trade for a long number of years. As a matter of fact, I think my firm inaugurated not only the steamer service from Halifax to Jamaica, but also from Halifax and St. John to what is called in the contract the eastern group of islands. At its inception the sledding was hard, it was very difficult to obtain cargoes and to operate the boats at a profit—in fact they were not operated at a profit. The cargoes were largely of fish, lumber and some other products, which were shipped to the West Indies on consignment, and payment was made by the shipment back of the products of the West Indies, chiefly molasses and sugar. It was a sort of barter trade. The introduction of steamers developed that trade, and later on tariff concessions were made in what might be termed a trade treaty between Canada and the West Indies. That led to a very considerable increase of business, and at the present time Canada is supplying the West Indies with the bulk of the staple commodities used there, such as flour, lumber and fish. The fish were always supplied from the Maritime provinces, I think chiefly from Halifax and from Lunenburg, Yarmouth and other southern shore ports of Nova Scotia. Recently the West Indies gave the same tariff advantage to Newfoundland as to Canada, and at the present time our market in the West Indies for fish is absolutely destroyed so far as the Maritime provinces are concerned, for the reason that Newfoundland ships its higher grade fish to the markets of the Mediterranean and the cullage to the West Indies in large quantities.

I take no objection to the treaty except in one or two points, which I shall refer to later. Anything that will tend to increase the trade of Canada with other countries on a fair and equitable basis I heartily endorse. But I may say that the eastern group of islands is supplied to-day by Canada with 99 per cent of the flour which they consume. That being the case, what possibility is there of an increase in that business, which is one of the our most valuable lines? All the lumber they require of the kind produced in Canada is now supplied by us. As regards manufactured articles, Great Britain stands in the same tariff relation as Canada, and to

my mind the possibility of increasing our export of manufactured goods to the West Indies is limited.

So far as imports from the West Indies are concerned, my information is that to-day and for some considerable time past Canada has been receiving all the sugar that our refiners require of that grade. Therefore the reduction in the duty on sugar I believe was quite unnecessary. It was made at a cost of from $300,000 to $400,000 a year to the treasury of this country. I repeat that we are to-day receiving all the West India sugar we can consume; the same thing applies to molasses, and a reduction in the tariff will not add to our importations from that country. What eles we can get from there I know not, and I think anyone will find it difficult to mention any product which can be brought from the West Indies to Canada in large quantities and which we are not already getting. So I do not look for the increase in trade because of this treaty and this steamship service which the Minister of Finance thinks will come.

So much for the treaty, and I might here say that had the government stopped with the treaty no one would have found fault or criticized. But they went further and undertook to provide, with a small assistance in the way of a subsidy from the West Indies, a steamship service. The government did that in the dark, so to speak; a busines man would have first estimated the cost of such a service and carried on negotiations intelligently with some idea of the cost of subsidy if it were to be done that way, or if not, with some idea of the cost of construction and the cost of operation. If that had been done parliament would know exactly what we were being asked to contribute to this service. I view that part of the treaty as on a par with the absurd, unbusinesslike proposition which was before this House last year, the so-called Petersen contract. I know that proposition was regarded by many hon. gentlemen opposite as an unbusinesslike proposition, and I believe the same thing applies to this part of this treaty. It has already been said here to-night that parliament is asked to ratify an agreement the cost of which no one knows, and at which we cannot arrive.

Mr. STEWART (Edmonton): Does my hon. friend argue that because of the cost we should not enter into the treaty? There seems to be the utmost assurance in the minds of two or three hon. gentlemen opposite that the cost is prohibitive and that therefore we should not have a treaty at all. We cannot have the treaty unless we have the ships, and it must therefore naturally follow, according to hon. gentlemen opposite, that it is a very bad piece of business to go into the treaty.

Mr. ARMSTRONG (Lambton): Does my hon. friend think it necesary to have all these ships?

Mr. BLACK (Halifax): Is it customary in making treaties of this kind to couple up steamship services, and to commit the country to large expenditures for such services? I do not think you can find anywhere a treaty which binds the parties to provide steamship service, and that is what I take exception to. Besides all that, this proposed service is extreme to a degree. The service to the eastern group, that is to Jamaica, is such that no one would tender on it, notwithstanding what the Minister of Finance has told us. He says they have had an offer for this service, but I am informed that the suggestion is that the merchant marine might do it, and that the cost would be so and so. There was no tender at all for that service, which goes to show that steamship owners are not prepared to make themselves rediculous by offering that service at a price which they know would be almost laughed at. The ships for either group are not afloat; they have yet to be built. The merchant marine ships are unsuitable; I challenge contradiction when I say there is not one of those ships qualified to perform the service required.

Mr. STEWART (Edmonton): Does my hon. friend say there is too much service provided in the treaty?

Mr. BLACK (Halifax): There is too much service provided in the treaty.

Mr. STEWART (Edmonton): I have not heard that argument before.

Mr. BLACK (Halifax): That is my judgment, and I think if you will take the record of exports and imports and go minutely into the traffic you will find far too much service provided. Especially is that the case with regard to the Jamaica service.

Mr. STEWART (Edmonton): Are there not five vessels operating at the moment, three on one service and two of the merchant marine?

Mr. BLACK (Halifax): At present there are six vessels operating on the eastern route, two government vessels and four privately-

owned. There is another point; you propose putting on a government service which will probably drive off the private services being operated to-day.

Mr. STEWART (Edmonton): Then there are eight vessels operating at the moment?

Mr. BLACK (Halifax): They are operating at the moment and have been operating for years. Now government competition comes in and interferes with the private interests. We all know that the government can operate at a heavy loss and drive private interests to the wall. That is the situation with regard to the Jamaica service, and I submit that if this proposed service is to be maintained it will cost Canada millions annually; the traffic is not there. It is all very well to say what we should have; the hon. member for Pictou (Mr. Cantley), condemns the Royal Mail Steam Packet ships, saying they are dirty and finding other faults with them. I can tell this House that the Royal Mail Steam Packet Company have been ashamed of that service for years; they have come repeatedly to this government asking that they be allowed to improve that service, which is not creditable to them and is a disgrace to the country. I take issue with the hon. member when he says those ships are dirty and badly run. Only the other day a friend of mine went with his wife from Ottawa to the West Indies in one of these ships; they were perfectly satisfied, had a very delightful trip and enjoyed it very much. The ships are well run and well kept, but they are slow and their passenger accommodation is antiquated. We all admit that and no one knows it better than does the company.

Mr. CAHAN: Is it not a fact that there are no ships in existence to-day which can fulfil the terms required by the treaty in respect of the Jamaica service?

Mr. BLACK (Halifax): That is absolutely a fact. I think there are a good many things which the government have to learn in connection with these ships, and which they will learn to their cost. I think the hon. member for North Bruce referred earlier in the evening to the fact that they could not be over eighteen feet in draught to get over the Demerara bar with a cargo. When you get these boats drawing 18 feet of water loaded, you have a very difficult proposition, and a very costly one.

The Jamaica service is the one that I most severely criticise, because it is a very, very extreme proposal. The Jamaica people would be delighted to get such a service as is proposed, and to pay the paltry sum of £12,000 a year for it, what for? To get some of their bananas up here. I do not believe what the contract calls for will be realized for a very long time. During say three months of the year, if the steamers land a large number of tourists and passengers down there, they would spend some money and to that extent benefit the island, but three months of the year is the limit of the passenger trade, and during the rest of the time you will have these steamers running back and forth, with a large investment of capital earning nothing, and not only earning nothing, but stewards and expenditures of different kinds will be required to keep that passenger accommodation in order. That in itself will mean a very considerable amount of money. The Jamaica service alone as proposed in this treaty will mean to Canada a loss, I will undertake to say, to say nothing of capital expenditure, of from one and a half to two million dollars a year. The earnings of the ships will not pay the operating expenses, or not more than pay the operating expenses on both routes, and there will be an annual loss of from fifteen to twenty per cent to be borne by this country, That applies to the eastern route, and I think it is a very conservative estimate, but on the western route the loss will be very heavy indeed. None of our Canadian people are going to go to the West Indies in the summer time. December they will want to spend at home, and there will only be January, February and March, three months, for the tourist traffic.

Mr. MACDONALD (Antigonish): Then Americans do not go there in the summer?

Mr. BLACK (Halifax): No, that is what I say. There is another point. Our friends to the south, with their West India trade extending over years and years, have never considered it worth their while to put on passenger ships, such as are called for here, between New York and the West Indies, and they have 120,000,000 people and all the nearby large cities like New York and Boston to get traffic from. Then to what extent can Canada expect to support such a line of steamers? I do not know that it is of any great advantage to Canada to carry a few hundred or a few thousand people to the West Indies. They simply spend their money there and then come back home broke, and I do not see any great advantage to us in doing that. So that as far as the passenger part of the steamship service is concerned, I do not look upon it as of any great value.

Mr. MACDONALD (Antigonish): Is there any reason why freight should not be carried both to and from the West Indies during every month of the year?

Mr. BLACK (Halifax): There are times when the ships will come up with clean holds, with not 100 tons of cargo in them. That is occurring now, and always has occurred.

Mr. MACDONALD (Antigonish): It would not occur if the treaty was in effect.

Mr. BLACK (Halifax): It occurs under the present treaty. These ships will come north trip after trip during the off season with not 100 tons of cargo. There is no question about that at all; that is the experience. Take the cargo returns of your own merchant marine, and you will see that that is the case with them. It is the case with all the services that have been operating down there all these years.

As I said before, I have no objection to the treaty, but I do seriously object to the government considering for one moment the operating of steamers of their own down to the West Indies. The experience of the merchant marine is sad indeed, and to add to that grief and sadness is something that should not be. Not one of the merchant marine boats is fit to put on that route, and other boats from outside will have to be provided. I have heard it suggested that these boats can be altered, that cold storage can be installed, and the engines and this, that and the other thing be changed. My answer to that suggestion is simply this: From Land's End to the north of Scotland and from east to west across Great Britain you will not find a single steamship owner who would consider such a suggestion as that. They would never for one moment think of adding expenditure to ships of that age and of that speed. It is money thrown away. Here we are with the ships of the merchant marine; they will have to go through their No. 2 survey presently, and what will they be then? Eight or nine or ten year old ships, worth not any more than the government has sold its other ships for during the past year, about $10 per dead ton. In my judgment the sooner they are sold the less expense they will be to the country. Those ships are not fit to put on the West India service. They will not fill the requirements, and therefore the whole eight or ten ships, or whatever may be required if the government takes up this service, will have to be procured from outside. The experience of the merchant marine, it seems to me, does not justify the investment by this country of any more capital in steamers.

Mr. MACDONALD (Antigonish): I do not understand the attitude of hon. gentlemen opposite. They have all been protesting that they are in favour of the treaty, and yet they have all been arguing about the one thing necessary to the treaty, namely, the maintaining of steamship communication to the West India islands. You cannot have trade with islands situated as the West Indies are in relation to Canada unless steamship accommodation is provided, and arrangements have been made by which all parties will contribute to that end. The committee will agree that it would not be in the interests of this country to make public the tenders that have been received. I am free, however, to say this, that the tenders that have been received for both services, which we have declined believing that we can get lower tenders, are for amounts well under $1,000,000.

Mr. ARMSTRONG (Lambton): Is it not a fact that one of the tenders received was from the Canadian merchant marine?

Mr. MACDONALD (Antigonish): My hon. friend need not ask that question of me, because if we are going to state to the House who tendered and all that kind of thing, there will be no use asking for new tenders. Everybody who has to do with business agrees to that. Hon. members are either in favour of the treaty or they are not. That is the crux of the situation. I want to reiterate the remark I made earlier, that I regard the connection of the Mother Country and the situation of the West Indies to-day in relation to the empire as very important, on account of the increasing trade of the United States, and our endeavour here to provide communicatons on lines closer to us and to the empire is of the greatest possible interest to us. I would ask hon. members who say they are in favour of the treaty and do not want to give the steamship communication with the West Indies to realize where they stand. This government do not propose to spend one dollar more than they have to in order to provide the necessary communication. What interest have we in increasing that amount? Tenders have been called for, and in a general way we have indicated what the total expenditure in the way of subsidy would be. We believe we can get it for a less subsidy, and if hon. gentlemen are in favour of the treaty we as a government ask them to trust us to see that this service is provided at the lowest possible cost to Canada.

Sir HENRY DRAYTON: I do not think my hon. friend's attitude, so far as the op-

position is concerned, is quite fair. I would like to point out the position he is putting us in to-day, which is the result of the government's inaction and delay. Here is an agreement entered into last summer; we are dealing with it nearly a year later; the government do not know what it means, and yet we are told that unless we immediately fall over to the government, and accept everything they say and do, we are against this treaty. It is not fair. With the situation as it stands at present it may well be that the government cannot very fairly give out the tenders which have been received, particularly when they think they are too high, and when they are going to try to run one against another. But that is the situation the government is creating. It is not the opposition. The government held these things back all these months. They entered into an agreement last summer, and they have done nothing towards furthering it until the House has been in session for months. Now they expect the House to deal with it. What the opposition say is perfectly true. They are in favour of the closest trade arrangements that can be made with the West Indies. We are keenly alive to what the Minister of National Defence has said, to the fact that there has been altogether too much American penetration there; we have idly sat by and allowed them to get in. I do not think it is too late for us to get our share. But there is a little more in it than that. What has been said by hon. members on this side as to the attitude of the West India islanders is perfectly correct. I have been down to the West Indies since the former agreement was entered into, and I know what they think about it. They consider that Canada fell down on the contract of 1920, and so she did. There is no question about it, and that contract still stands. The West India islands are in a position to-day to practically ask for the service, whether this agreement is put through or not. The contract is there. They are still in a position to enforce it.

It has been pointed out that to-day we are doing a great deal in connection with the flour trade in the West Indies. Well, we are. We practically have that trade. One of the things necessary in connection with this agreement is to hang on to that trade, to give us some service which will make sure that the troubles which occurred there and the dissatisfaction which existed, is not going to become such as to compel us to lose that trade. At the present time we have a very favourable trade showing in connection with flour, and we are very deeply interested in that commodity. We are all in favour of the treaty, but we would like to be in a better position to know what we are doing. One thing said by the hon. member for Halifax (Mr. Black) gave me some concern; he said we were calling for a much better service under this treaty than New York, with its enormous business, required. If that be correct, I should think it was very extravagant to say the least. When I was in Jamaica, as I recollect it, we had a weekly service with a boat of 5,000 tons, and a weekly service also during the passenger season of boats almost as large again. They were very excellent boats; we had both kinds. My idea of the service which was required was one which would enable us to do business with the islands. We have not got it to-day. I would like a service which would provide cold storage, but not necessarily a palatial passenger service. Some of the boats going down to Jamaica are very expensive boats. I should think they would be at least 7,500 tons. But we do not want that palatial steam service. We want a service with proper cold storage which would look after our banana business, which would enable us to increase that business and which would release our fruit trade from the grip of the present trust in connection with citrous fruits. We think that is all that is necessary, and I hope that is all that is being done. I hope we are not putting on a service which will give a better passenger service than is given to New York. Much as I am in favour of the trade, I never look for large earnings in connection with the passenger service. What we are interested in is the biggest volume we can get of the traffic of the West Indies going through our own ports and not through the United States. We want to get our freight and commodities at first cost, and we want to increase the trade of our ports. On the other hand we want to see to it that they get just as much of our freight as possible in return. That is what we are after, and not the passenger business.

Mr. CAHAN: The hon. member for Antigonish (Mr. Macdonald) cannot confound me with his casuistry as to whether or not I am in favour of the treaty. My position is clear. I am anxious to do everything possible to preserve the most friendly relations with the West Indies. I do it, not because Great Britain regards it as our duty to do it, but because we are associated with the West Indies as a part of the empire. But I am not prepared to pay too high a price

for trading with the West Indies, and I want to know what price I am called upon to pay before voting in favour of the bill.

I have a suggestion to make, and I say it is a fair one. Every tariff concession which Canada proposes to make under the agreement with the British West Indies, and which purports to be made under the clauses of this bill, have already been made by a previous tariff bill which has passed this chamber and which undoubtedly will be ratified by the Senate and approved by His Excellency. Therefore every concession which we are called upon to make in the way of tariff reductions has been made in such a way as to open our market to the West Indies to the fullest extent demanded by them. We have still fifteen months in which to provide a steamship service. I would suggest to the Minister of Finance that the fair way to deal with the House and the country would be to withdraw this measure and to hold it over until another session. In six or seven months more the House will necessarily meet again and by that time he will be able to ascertain definitely the cost by way of steamship subsidy and the capital expense for steamships to carry out the agreement. In the meantime the British West Indies cannot complain; they have access to our markets under the other measure to the fullest extent possible, and they have certain new services proposed by way of competition for their freight. Why not hold this measure over until parliament meets again and then tell us the cost? If it is at all reasonable I think we on this side of the House will be prepared to vote ratification of the agreement. If it runs up into a capital expenditure of ten or even eight million dollars with an annual deficit of one to one and one-half or even one and three-quarter million dollars, I for one am going to oppose it.

Mr. ROBB: The proposition submitted by the hon. member for St. Lawrence-St. George I do not regard as fair. I do not think Canada should go back on her word to the British West Indies. As I have already said, certain propositions have been made to provide a service between Canada and the West India Islands with but little cost to Canada. My colleague the Minister of National Defence (Mr. Macdonald) a few minutes ago said that the tenders we had received for the two services were well within a million dollars. He having said that compels me to go a little further and say that they were $400,000 less than a million dollars and less than that. Of that the West India Islands provide $230,000 so that the tenders we have before us now are not very much more than we have been paying. We did not accept those tenders because we believed the increased business and the representations which we had from other companies that would put on a service did not justify the government in accepting them. I observe that hon. members opposite generally are in favour of this agreement, but that certain opposition comes from sections of the country which in 1900 thought it was a pretty good bargain to pay £27,000 for services to that country at a time when we were doing only $2,500,000 worth of business. To-day we are doing ten times that business and it is not costing much more.

Mr. CAHAN: The statement made by the Minister of Finance dealing with the Jamaica service is, as we now know, from an estimate made not by any independent shipping company but by the Canadian Government Merchant Marine.

Mr. ROBB: My hon. friend is not going to put any words into my mouth. I said nothing of the kind.

Mr. CAHAN: That is the only fair inference from what has been said to-night. From my seat in the House and knowing full well what certain of the facts are, I say that the hon. gentleman dare not rise in his seat and deny the statement I have made.

Mr. MACDONALD (Antigonish): Who told the hon gentleman?

Mr. CAHAN: It is not necessary that I should say who told me. The hon. member need not attempt to draw a red herring across the trail. Neither the Minister of Finance nor the Minister of National Defence dare say that a tender was made for that service by any independent company.

Mr. MACDONALD (Antigonish): The gentleman who is trying to draw a red herring across the trail is the hon. member who thinks he can get information from the government as to who the tenderers are, which information we do not propose to give.

Mr. CAHAN: There is not a single ship in the Canadian merchant marine that can fulfil the terms of that contract. The ships are

not in existence on the high seas to-day in Great Britain or the United States or Germany that can fulfil those services.

Mr. POWER: Has the hon. member before him Lloyd's Register to give him that information?

Mr. CAHAN: That is not necessary. Everyone knows it. The hon. member for Halifax (Mr. Black) has so stated and no one can deny his statement. That being the fact I appeal to the Minister of Finance, who has charge of the bill, that his statement is not based on an intelligent investigation of the facts or on such information as the government may rely upon in giving assurances to the House as to what the ultimate cost will be. I suggest in all fairness to the committee that the bill should be held over until the next session of parliament when we should have full information about the matter, because passing this to-night and binding parliament to all future appropriations will not put the project ahead for one hour of what it would be if it were passed in March or April of next year.

Section agreed to.

Sections 3 to 7 inclusive agreed to.

On the preamble.

Mr. SUTHERLAND (South Oxford): This is rather unseemly procedure. The minister who has the matter in charge sits in his seat and the hon. member for St. Lawrence-St. George has been trying to extract information which the minister has been refusing for hours to give to the committee. I think the country and the House may well be alarmed by any trade treaty that this government may make, in view of the treaties which they have made since 1921, I can mention three: the first with France, one with Italy and another with Australia. As a result of these three treaties there has been a loss of upwards of $20,000,000 in trade balances. I think this treaty should stand over for a little further consideration in view of the refusal of the government to give reasonable information to hon. members who have been asking for it to-night and who have discussed the question intelligently in a manner indicating that they know exactly what they are talking about. The minister sits in his place and asks questions trying to obtain information, without giving any to the committee. This is absolutely unfair and a most unusual attitude for any government to take. This matter might well stand over at least until to-morrow for further consideration. It is now half past one o'clock in the morning, and the government has sat here for hours, refusing to give reasonable information repeatedly asked for by those who understand the question better than members of the government do. I refer to these other treaties for the reason that while the government profess to be on the lookout for wider markets for Canadian producers they have been in fact losing trade for the people of this country through every treaty they have entered into since coming into power.

Mr. ARMSTRONG (Lambton): Has the minister further considered the effect the treaty will have on the sugar beet growers of Canada? This question is of interest to my constituents.

Mr. ROBB: That question was fully discussed in the budget and I tried to satisfy my hon. friend, with what success I do not know, that the sugar beet growers would not be in any worse position than they were before. As a matter of fact they will be better off inasmuch as the market is now stabilized for the period of the agreement.

Mr. ARMSTRONG (Lambton): I do not agree with the minister; on the contrary, their market has been undermined. However, will the minister promise to allow the sugar beet growers to appear before the tariff board and present their claim for reasonable protection against the raw sugar producers of the West Indies?

Mr. ROBB: If the sugar beet growers of Canada want to appear before the tariff board there will certainly be no objection.

Mr. ARMSTRONG (Lambton): Do I understand that if the board recommend an increase in the duty this will be agreeable to the minister?

Mr. ROBB: Surely my hon. friend does not expect me to commit myself to any finding the board may make.

Preamble agreed to.

Bill reported.

On motion of Mr. Mackenzie King the House adjourned at 1.25 a.m. (Tuesday).

Tuesday, June 8, 1926.

The House met at two o'clock.

AGRICULTURE AND COLONIZATION

Mr. W. F. KAY (Brome-Missisquoi) presented the third report of the select standing committee on Agriculture and Colonization.

REPORT PRESENTED

Annual report of the Department of Health, in French, for the year ended March 31, 1925. —Hon. Mr. Elliott.

THE GOVERNOR GENERALSHIP

OFFICIAL ANNOUNCEMENT OF THE APPOINTMENT OF LORD WILLINGDON

On the Orders of the Day:

Sir HENRY DRAYTON (West York): I would like to ask the Prime Minister whether the rumour is correct that Lord Willingdon has been appointed our next Governor General.

Hon. W. L. MACKENZIE KING: I have received an official communication stating that His Majesty has been graciously pleased to approve of the appointment of Viscount Willingdon, G.C.S.I., G.G.I.E., G.B.E., to be Governor General in Canada in succession to General Lord Byng of Vimy, G.C.B., M.V.O., whose term of office will shortly expire.

OFFICIAL REPRESENTATION IN WASHINGTON

On the Orders of the Day:

Sir HENRY DRAYTON (West York): Is the statement to the effect that the Hon. Vincent Massey has been appointed our representative at Washington correct?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have not seen any statement to that effect. If such a statement has appeared it is premature to say the least.

PENSION ACT

On the Orders of the Day:

Mr. L. J. LADNER (Vancouver South): I would like to ask the Minister of Soldiers' Civil Re-establishment if it is the intention of the government to bring down any amendments to the Pension Act. The minister stated at one time that amendments were to be brought down and there are suggestions now that perhaps there are not. I would like to have the statement of the government on that because a number of organizations are very much interested in the matter.

Hon. J. C. ELLIOTT (Minister of Soldiers' Civil Re-establishment): My hon. friend is under a misapprehension if he thinks I stated there were amendments to be brought down.

Mr. LADNER: I asked the question.

Mr. ELLIOTT: Yes; and I told my hon. friend at the time, as I recollect, that there would be no substantial amendments this session. It is not the intention to introduce any amendments this session.

Mr. LADNER: The minister says that there will be no substantial amendments.

Mr. ELLIOTT: I say that it is not the intention to introduce any amendments this session.

IMPORTATION OF SECOND HAND PIANOS

On the Orders of the Day:

Mr. A. E. ROSS (Kingston City): I am sorry the Minister of Customs and Excise (Mr. Boivin) is not in his seat. I have in my hand a list of second-hand pianos offered for sale in Canada at prices varying from fifty dollars down to ten dollars. I am informed that for some time these pianos have been dumped into Canada at a very special rate. On more than one occasion I have brought this matter to the attention of the Customs department. Is the government taking any action to stop this dumping of second-hand pianos into Canada?

Right Hon. W. L. MACKENZIE KING (Prime Minister): That is a question I shall have to ask my colleague the Minister of Customs and Excise to reply to, but I will direct his attention to it.

STRAWBERRY IMPORTATIONS

On the Orders of the Day:

Mr. C. H. DICKIE (Nanaimo): Has the Minister of Agriculture received any request from the strawberry growers of Vancouver island for relief? I have a telegram which reads:

> American strawberries from Missouri absolutely flooding prairie market. If situation continues British Columbia growers ruined. Have wired Ottawa stating immediate action necessary if strawberry interests are to be protected.

It seems that they have had a wonderful crop of strawberries in Missouri and they are simply sending their surplus into British Columbia and the prairie country as well. This means ruination to a large community of fruit growers and I am sure our friends from the west, for the sake of a cent or two a pound will not—

Mr. SPEAKER: The hon. gentleman, I understand, has asked his question. Now it is for the government to reply.

Mr. DICKIE: I will put the question definitely to the minister: Has he had any request from the fruit growers and particularly the strawberry growers, and, if so, is it his intention to take steps to put the dumping clause into force or to adopt such other means as will save these people from ruin?

Hon. W. R. MOTHERWELL (Minister of Agriculture): I had a telegram yesterday or the day before, I forget which, from the strawberry growers of my hon. friend's riding to the effect that the fruit growers of Missouri and other southern states were shipping large quantities of strawberries into Canada and flooding the prairie markets with fresh fruit. I have taken the matter up with the Minister of Customs (Mr. Boivin) and requested him to look into it to ascertain whether there is any abuse in the direction of selling in this country, either on the prairies or elsewhere, fruit at lower prices than obtain in the country of origin. I have not yet had any report from him but I understand he is investigating the matter.

OPIUM AND NARCOTIC DRUG ACT AMENDMENT

Hon. J. C. ELLIOTT (Minister of Health) moved the third reading of Bill No. 152, to amend the Opium and Narcotic Drug Act, 1923.

Motion agreed to and bill read the third time and passed.

CANADA-WEST INDIES TRADE AGREEMENT

Hon. J. A. ROBB (Minister of Finance) moved the third reading of Bill No. 15, respecting trade relations with British West Indies, Bermuda, British Guiana, and British Honduras.

Mr. C. H. CAHAN (St. Lawrence-St. George): Before the bill is given its third reading, I again wish to place before the House, and especially before the Minister of Finance, my suggestion that there should be some undertaking on behalf of the government, respecting the carrying out of the provisions of this agreement with the British West Indies, that the cost to this country should not exceed a limited amount, say, $500,000 per annum. It is most important that we should have a complete and definite assurance from the government regarding the anticipated cost of the proposed steamship service.

Members on both sides of the House are, I am aware, anxious to make concessions to the West Indies, but many hon. gentlemen on either side are under an entire misapprehension as to the conditions that obtain in those islands. In conversation with gentlemen on the other side of the House as well as on this side I gather that there is an impression among them that the residents of the West Indies are in very poor circumstances, the majority of them being half-clad coloured men, whose plight is such that out of mere commiseration and pity Canada, as a part of the British Empire, should make some concession to this struggling and poverty stricken section of the empire. As a matter of fact, on the contrary, every island in the British West Indies contains to my knowledge a group of highly educated and well trained business men who control the commerce of the colony, and who are as keen, efficient and modern in every way as the average Canadian merchant, with a keener vision than the ordinary merchant in Canada with respect to the commercial necessities of those islands. It is entirely safe to say that on the average the financial and economic condition as well as the education of the white population in the British West Indies is higher than those of the average Canadian citizen. They are therefore well able to look after themselves, and in making this present agreement they have shown an intelligent appreciation of the facts such as is entirely wanting on the part of those who represented this government in negotiating the treaty. The agreement with the British West Indies was negotiated, so far as this Dominion was concerned, by a body of gentlemen who, though highly respectable, have not had, any one of them, any practical experience of the trade, either existing or prospective, between this country and the West Indies.

The boards of trade of Halifax and of St. John, composed of trained business men who have been engaged in the West Indian business for years, sought to have their views presented to the gentlemen who were representing Canada on that commission. Representative Liberals in addition to well-known Conservatives of Halifax, endeavoured to secure a hearing. There were for example, such men as Mr. A. Hanfield Whitman, Mr. A. E. Jones, and Mr. G. McGregor Mitchell, well known Liberals of Halifax and supporters of this government. They were not allowed to present their case to the gentlemen who were negotiating the agreement on behalf of Canada. On the other hand, there was available one gentleman who, representing

the Royal Mail Steam Packet service, was possessed of a knowledge of the trade with the West Indies superior to that of almost any other person who might have placed himself at the disposal of the government's representatives. But he, too, was given no opportunity of discussing the matter. I therefore, take this occasion to put myself on record as being of the opinion that the treaty with the British West Indies was negotiated on behalf of the Dominion by gentlemen who, however intelligent and estimable they may be did not understand either the nature or the necessities of the trade.

Further, in making the agreement, especially with relation to Jamaica, the Canadian commissioners, if I may use that term, provided for a service which is larger and more expensive than the trade of that colony with us can possibly require for many years to come. With regard to that service I am informed that no reputable independent British company could be found who would tender for the fulfilment of it on any terms whatever in the way of subsidies. I am informed further, and I do not think it will be denied, that the only tender for that service was made by the Canadian merchant marine, and it is suggested that they asked only for a subsidy of a few hundred thousand dollars a year. But the Canadian Government Merchant Marine cannot carry out that service without coming before parliament and asking for an appropriation of at least $5,000,000 for the construction of ships for the Jamaica service. As to the actual capital expenditure for that service, we have been denied all information. It is publicly known, and I believe it is no doubt true, that the Canadian Government Merchant Marine did request from Vickers an estimate of the cost of constructing the ships necessary for that service. As to what the estimate was I do not know. I do know of course that Vickers have had some experience in constructing ships for the West India service equipped with cold storage and other suitable accommodation. But the fact is uncontroverted that at the present time there are no ships sailing the sea that can be purchased which would satisfy the demand of the contract with the West Indies with respect to the Jamaica service. It is obvious and is well known, and cannot be contradicted, that the ships for the service in order to carry out the terms of this contract must be especially built. Therefore as that information is before the government, and as they know the terms of the negotiations between the Canadian Government Merchant Marine and Vickers with regard to the cost of constructing those ships, I say it is not frank and fair to this House that we should be called upon to pledge ourselves by giving a vote entirely in the dark, without any knowledge as to the cost, because the suggestion made by the hon. Minister of Finance that the Canadian Government Merchant Marine, or whoever was this tenderer—which I know to the the Canadian Government Merchant Marine—could carry out the service with a subsidy of a few hundred thousand dollars per year is, I contend, far below the actual cost, and it leaves entirely out of account a capital expenditure of $5,000,000 or thereabouts necessary to provide ships for the Jamaica service alone.

We are willing to make concessions to the West Indies, but—and I am speaking for myself—I think the concessions should be placed upon an entirely different basis. A reduction in the duty on sugar was made, whereas in order to give the preference to the British West Indies the general duty on sugar, in my opinion, should have been increased and a reduction made in favour of the West Indies in such a way as to preserve under the British West India preference the present rate of duty on imported sugar. By making the reduction there has been a loss of $300,000 or $400,000 at least in our sugar revenue, which will be extended to a loss of at least $700,000 or $800,000 in a few years as our consumption of sugar under this arrangement increases—a loss in revenue which should not have been incurred except under stress of circumstances that do not exist here. For instance, if the government had increased the general tariff to $1.45 per 100 pounds, and kept the preference tariff at, say, 45 cents per 100 pounds, as it was previously, the preference of $1 promised in the new agreement could have been put into effect and the duty on the British West Indies sugar would have been unchanged. But now by reducing the duty to 28.712 cents per 100 pounds, the government are losing something over 16 cents per 100 pounds, which on the imports of 1925 would amount to over $300,000, and which will correspondingly increase as the sugar imports from those islands increase. On the other hand, in my opinion increasing the general duty would not have cost the Canadian consumer anything, because the fraction is too small to be figured in the cost as between the retailer and the consumer. Further, as a matter of fact, the greater part of the sugar imported is refined in Canada and exported to other countries, and the rebate protects the refiner entirely with respect to the sugar re-exported and does not affect the price to the Canadian consumer.

It is well known that the brands of flour which this country produces control the West India market. As the hon. member for Halifax (Mr. Black) stated, so far as the fish trade is concerned, Canada controls the market now to as full an extent as is possible under this treaty—indeed that control will now be diminished because the proceedings show that the commissioners representing Canada agreed that every concession made in favour of Canadian fish products would be given also to the fish products of Newfoundland, and, as the hon. member stated, and as we all know, Newfoundland is in a peculiarly fortunate situation in this respect, being able to send her best fish direct to the Mediterranean and her cheap cullage into the West Indies to compete with and supplant Canadian fish in that market. With regard to lumber, we know that every kind we produce available for that market now entirely controls it, and therefore there is no advantage for Canadian lumber under this treaty. As to manufactured goods of every description and kind which are placed on the lower tariff basis by this treaty, the manufactured products of Great Britain enter upon exactly the same low tariff. Everyone knows that in hats and caps, boots and shoes, and a great number of other articles of personal adornment and personal use, we cannot compete with the British products going in on exactly the same basis. In other words, Mr. Speaker, we have in certain respects gained a little freer access to that market, but to increase the market for our manufactured products we must drive out the British manufacturer and capture the market which he at present holds in the West Indies; we are not likely to be able to do it.

Therefore, while we are all willing to enter into a trade arrangement with these very clever and experienced men who control the trade of the British West Indies, I say this government has not made an adequate presentation of the cost of the services necessary to carry it out, and at the last moment I enter my protest against this contract being ratified without the House being informed definitely as to the cost, so that we may know how much approximately in dollars and cents we have to pay for the minor tariff concessions which are made in our favour by the British West Indies under this agreement. I simply wish to register my protest on the third reading of the bill.

Motion agreed to and bill read the third time and passed

[Mr. Cahan.]

SUPPLY—EGG GRADING

Hon. J. A. ROBB (Minister of Finance) moved that the House go into committee of Supply.

Mr. T. L. CHURCH (Toronto Northwest): I understood, Mr. Speaker, that I was to have precedence to-day.

Mr. SPEAKER: I understand the hon. member for South Wellington (Mr. Guthrie) intends moving an amendment. When this matter is disposed of the hon. member will have the floor.

Hon. HUGH GUTHRIE (South Wellington): As an amendment to the motion to go into Supply I beg to move the following:

That all the words after "that" in the main motion be struck out and the following substituted therefor:

In the opinion of this House the system of egg-grading instituted by the government pursuant to an order in council published in the Canada Gazette on the 26th day of April 1924 imposes a grave injustice upon the farmers and other persons in Canada engaged in the production of eggs for sale by retail, and the action of the government in this regard has resulted in unnecessary expense, great inconvenience and serious delay to the farmers and other producers, and that such system, in so far as it applies to sale by retail in local markets, should be discontinued.

The question I have embodied in this amendment had its inception in the Live Stock and Live Stock Products Act, which was passed by this House in 1923. The House passed an act under the same title in 1917, which act applied, only to cattle, sheep and swine. Under that act regulations were made by the Department of Agriculture to govern the sale of articles enumerated therein. In 1923 the present Minister of Agriculture introduced and passed through the House an act of far wider scope than the original act of 1917. It was passed as an amendment to the original act but is practically a new act and goes far beyond anything included in the act of 1917.

When the act of 1923 was introduced into the House very little discussion or debate took place; I fancy it was assumed by the House that it was only an act by way of amendment, and that no new or important principle was introduced. I submit it was the duty of the minister in bringing such an important measure into this House to point out exactly what was the application of the proposal which he made, because I am satisfied that when the act of 1923 was passed no one in the House had the remotest idea that under that act it would be possible to compel farmers to have their eggs graded for the local market.

The act of 1923 included not only cattle, sheep and swine, but also enumerated poultry, eggs and wool, and in looking over the debate which took place in the House when this act was passed I find that not a single question was asked and not a word of discussion took place on the question of egg grading. In fact, in regard to the particular section of the act to which I will refer in a moment, hardly a sentence was uttered in the House. No explanation was given by the minister or by any member of the government; there was only a question by the hon. member for Brandon (Mr. Forke), who seemed to suggest that wool should not be included as one of the articles to be graded, on account of certain difficulties which would be presented. With such a slight discussion as that, with no word of explanation or warning from the minister, a new act was placed upon the statute books under which the minister has been able to issue a set of regulations, in the shape of an order in council having the full force of an act of parliament which have, I believe, caused more annoyance, more inconvenience and more trouble to the farmers and farmers' wives in Canada who are accustomed to sell eggs than any single measure ever passed by this House. Had the matter been explained when the act was introduced; had the minister informed the House that he proposed to pass regulations under this statute to compel farmers to grade their eggs in the local market, I am satisfied that the measure would never have passed the House as we now find it.

Section 9 is the important section of this act. It provides that the Governor in Council may make regulations prescribing, among other things, the manner in which live stock meat intended for export, poultry, eggs and wool shall be inspected, graded, branded or marked and the manner in which such live stock, poultry, eggs and wool graded in accordance with the regulations under this act shall be sold. It is a long section, but this is the important clause. From any discussion which took place in this House, or from a casual reading of the whole act, one would infer that this referred only to the export or import trade or at most to the wholesale trade in these commodities. No one had the remotest idea that it applied to the basket of eggs which the farmer's wife brings on Saturday to the local market; no one had any idea that the act went so far. It was passed in 1923; then on April 26, 1924 it was proclaimed through the Canada Gazette and regulations were issued under which all eggs should be graded and sold.

I am going to refer for a moment to these regulations. They must have been drawn up by an artist; they are certainly all-embracing and are prepared with the greatest particularity, more so in fact than is the ordinary act passed by this House. In the first instance, wholesalers and retailers are defined. Under these regulations a retailer means any person or partnership offering or selling direct to a consumer. That practically embraces everybody who has eggs to sell, every person who sells directly to the consumer. Then they go on to specify the grades and it would take an expert, and a real expert, to make anything of this classification. In the markets of this country people have been buying and selling eggs quite openly for the last half century, or perhaps the last full century, and no great difficulty has ensued from the open manner of buying and selling eggs on the local market. But the result of the operation of these regulations is that a buyer does not know what he is getting, and a seller does not know what he is selling. Just listen to the classification of these eggs for grading purposes.

There is a class known as class 1, and it is headed, "Fresh eggs." Now fresh eggs are fresh eggs. We know what they are; the buyer knows and the seller knows what they are. But that is not enough for these departmental regulations. They go further and say that fresh eggs shall be classified as follows:

Grade (a) Specials.
Grade (b) Extras.
Sub-Grade (1) Pullet Extras.
Grade (c) Firsts.
Grade (d) Seconds.

There are five grades of fresh eggs, without going into the question of storage eggs at all. Now what does the ordinary purchaser find as a result of purchasing eggs under these gradings? I have the actual experience of a man who went to market and bought a basket of No. 1 eggs. He got "firsts," and he was proud of it. But that man did not bring home "firsts" at all; he brought home third-class eggs. The "specials" are the "firsts," the "extras" are the "seconds," the "firsts" are the "thirds," and the "seconds" are the "fourth." That is the grading which has been placed on the farmers product in the local markets of this country under these regulations.

Then when you come to another class of eggs, storage eggs, which is class 2, you find there another lot of grades, as follows:

Class (2a) Preserved.
Grade (a) Extras.
Grade (b) Firsts.
Grade (c) Seconds.
Grade (d) Cracked and dirty.

These regulations, I think, were prepared for the purpose of mixing up both the producer and the vendor of eggs on the local market. I realize this, that for the purposes of the wholesale trade this grading is necessary, and is proper. I realize that for the purposes of the export and import of eggs, this grading system is a proper system; but I think it is going entirely too far when you ask the farmer on his local market to have his eggs graded under these regulations, and to pay two cents a dozen for the privilege of having it done. Now what is the actual experience? On Saturday after Saturday on the markets of western Ontario you will find a long line of farmers—it is not so bad in summer, but in cold weather it is very annoying, very troublesome, and inconvenient —standing in line for half or three-quarters of an hour, and it has been reported to me, in some cases, for over an hour, waiting for the privilege of passing a basket of eggs through to a grader, and paying two cents a dozen to have those eggs graded, and graded by a man who in the majority of cases knows nothing or little about the grading of eggs. Why, in the Guelph market they have tested these graders out. The wives of farmers, reputable women, have come to me and said that they have put the same basket through before three different graders, and in each instance they have obtained different grades. I have made inquiries of the ordinary consumers, citizens in my city, and I have failed to find one who is in favour of this system. It was reported to me that the local merchants were in favour of the system. I called up six of them on the telephone and inquired, and the whole six said: No, abolish the system. I have seen many, many farmers and many, many farmers' wives, and I find they are all agreed; they are all opposed to this system of egg grading on the local markets.

Why was the system ever put on, one may ask? It was as a result of the demand of the wholesale dealers. It helps them, I will grant you. They get a certain amount of immunity from it, but for the purchaser in the open market it is no protection, and for the farmer it is an inconvenience, an injustice, and an expense. That two cents a dozen that the farmer has to pay he never gets back. They say he adds it to the price, but the price of eggs to-day is lower than when the grading system was introduced. The farmer has not gained. I do not object to the man who goes through a township buying eggs and bringing them into some kind of a central warehouse, being compelled to grade his eggs but I do object, and the farmers object, to farmers' wives being obliged to submit to this imposition on the local market, with the cost that it entails.

Why maintain such a system? I have had a good many communications on the subject from a good many places in the province of Ontario. I am sorry my hon. friend from North Waterloo (Mr. Euler) is not in his place, because I know he is interested in this matter. He took it up with the Department of Agriculture and announced in a paper with which he is connected that the egg grading system did not apply to the local farmer on the local market. We thought for a while that we were going to be relieved, but it turned out that it does apply, and I am sorry to say that in the constituency I have the honour to represent there have been two prosecutions and two fines imposed on farmers who did not stand in line and have their little basket graded, paid for, and labelled by an inefficient egg grader.

Who appoints the egg graders, I do not know. I wonder if they are appointed by the Civil Service Commission? The reason I ask the question is this: I received a notice the other day that the Civil Service Commission was going to appoint a wool grader. Therefore, I assume that the egg graders are appointed in the same way. Well, in that case, all I can do is to ask the Civil Service Commission to go through western Ontario and take a good look over their egg graders there, because I am not satisfied that they are competent men for the work entrusted to them.

I submit, Mr. Speaker, that the whole system is wrong. Surely we can continue the open market system. If you are going to grade eggs, why not grade other produce? Why not grade butter, fruit, potatoes and other vegetables that are brought on the market? Why compel the farmers to undergo this grading system only in regard to their eggs? I say, Mr. Speaker, that it is an imposition upon the farmers of this country, and more particularly it is an imposition on the wives of the farmers. No injustice has been done in the past under the old system. Both purchaser and vendor have been satisfied with the old open market system, where the good old doctrine of "Caveat emptor"—let the buyer beware—prevailed. Under that system the purchaser got the eggs he bargained for, and the vendor was satisfied with the manner in which his eggs were sold. But these regulations are carrying this paternal idea in government to an excess.

I have brought this matter up in the way I have, and under the resolution which has been read to the House, in order that the

responsibility for this outrageous system may be placed upon the proper shoulders. We never had this system until the present Minister of Agriculture (Mr. Motherwell) occupied his present position. The government must take the full responsibility for this system. I have stated in the motion which I have moved that the action of the government has resulted in this loss, this injustice, and this inconvenience, and I ask by this motion that these regulations or this act be amended. It is the simplest thing in the world to change these regulations. In order to effect a change and relieve the agriculturists of the country from this burden and this oppression only a few words need be added to the definition of "retailers" excluding the farmer from that definition. We have excluded him in the case of other acts passed by this House. We specifically excluded him, I remember, in the case of the Bankruptcy Act and other acts which I could name. Just add a few words to your definition of "retailer" providing that this shall not include a farmer who sells eggs, the product of his own farm, direct to the consumer upon the open market, and you have achieved all he asks.

I am going to put on record a formal resolution which has been sent to me by the Women's Institute of South Wellington. It is signed by all the officers. In looking over the names I regret to say that some of them are not supporters of mine, but the resolution is brief and pointed and I am going to read it. It was passed by the Women's Institute of South Wellington on 13th of February last, and reads as follows:

> Resolved that we the representatives of the South Wellington Women's Institute protest against the present egg grading system and wish to have it abolished.

I believe that resolution expresses the real wish of the whole agricultural population of this country engaged in the production of eggs. Even those men in our smaller cities, and in our towns and villages who have a small egg production for their own home consumption and who may at the end of the week have two or three dozen to sell or trade to their grocer, if they do not have those two or three dozen eggs graded, are subject to a horrible penalty, for the penalty under this act for infraction of the law includes a maximum fine of $500 and imprisonment up to three months, simply because the farmer who has for generations enjoyed a free open market now has to go before a government grader and pay two cents a dozen for the privilege of having his eggs graded or degraded as the case may be. I ask the House to consider this as a question strictly in the interests of the agricultural population of Canada, and particularly in the interest of the wives of Canadian farmers who, in the majority of circumstances, are the people who suffer the most, who suffer all the inconvenience, and let me tell you that in cold weather the inconvenience is not slight.

Miss AGNES C. MACPHAIL (Southeast Grey): I am interested in eggs and am therefore concerned with their grading. I do not expect, in anything I may say, to voice the opinion of all farm women. I know nothing about the conditions prevailing upon the open market, but after all most of the farmers of Canada do not sell their eggs in the open market—they ship them.

I want to tell hon. members what my experience has been and what I think about the grading of eggs. I think that 'specials" could quite well be stricken from commercial grades. There are almost no "specials," but there are "extras," "pullet extras" and so on, and these grades can soon be recognized by people who are accustomed to handling eggs. "Pullet extras" is a grade that all farmers are glad has been established, because pullets' eggs are smaller than the eggs of hens a year or two old; and these eggs that would be "extras" under any other form of grading would not be "extras" of there were not a grade provided for smaller eggs, which are called "pullet extras." I went to the Minister of Agriculture some time ago and protested against these designations, "extras," "pullet extras," and "Nos. 1 and 2" and wondered why they did not grade them as "1, 2, 3 and 4"; for that really represents the grades. I began then to see the point of view of the minister. People do not buy seconds, thirds and fourths, and I found that if these eggs are to be sold they must be sold in such a way as to indicate clearly to the buyers what they are buying.

I think this is the effect of grading eggs: In the first place, it raises the standard. The consumer is guaranteed that if he buys under the act he will get just the quality he wants.

3 p.m.

anybody who goes into a store and purchases "extras" or "pullet extras" will know exactly what he is getting. The standard has been raised and on account of the guarantee of quality the consumption of eggs has been increased. There has been an increased production of eggs in Ontario and I suppose that is true also of the rest of Canada. Since the grading of eggs came in we ship our eggs through the pool. The eggs are taken from the nest twice a day, not once a day, and the nests are kept perfectly clean. Eggs having the slightest crack

are not shipped, that is if it is possible to detect the crack with the naked eye. While there may occasionally be a cracked egg still the shippers try not to put in eggs of that character but only eggs that will be acceptable to the pool, because it is only strictly fresh eggs, "extras" and "pullet extras" that can be pooled. Those who pool eggs in Ontario, and the number is increasing all the time, are very much in favour of the grading of eggs. Personally, I am in favour of the grading of products. The graders, of course, should know their work and possibly it is true that sometimes they do not. I remember the time when hog grading was introduced. There was a great outcry in regard to it and people did not want their hogs graded. That hostile sentiment is gradually disappearing. It may be possible that on the open market, where the eggs are absolutely fresh and where the buyer is only concerned about their freshness. it is not likely he will care whether the eggs are "extras," "pullet extras," or "firsts" or "seconds." There is a good deal in what the hon. member has said, but I want to repeat that many farmers in Ontario do not sell their eggs in the open market. The only market for the county from which I come is in Owen Sound. In that connection I remember a little experience I had last year. I was going through Owen Sound and I had a large case of eggs. I thought I would take them to Owen Sound to see what price could be realized for them. I took the eggs along and found that I could have sold them to better advantage at home in Flesherton than in Owen Sound. That illustrates what may happen in connection with an open market. I would advise the farmers to sell their eggs through the pool.

Hon. J. W. EDWARDS (Frontenac-Addington): I can readily understand and appreciate the reason for grading eggs for export, or obliging the wholesalers to grade eggs; but the imposition of the grading system upon those who take a basket of eggs to the market at Kingston, London, Guelph, or any other centre in the province, or in Canada, is nothing short of an absolute nuisance. I think the people of this country have sufficient intelligence to pick out a dozen of eggs. I do not think it is necessary for the government to place a guard over them, or send some person along to tell them what they should buy, or oblige the farmers to place a label in the basket and subject them to a fine if they do not conform to the grades which are specified in the regulations.

[Miss MacPhail.]

There are a number of grades mentioned in class 1. For example, grade (a) "specials" is thus defined:

> Eggs of uniform size, weighing 25 ounces to the dozen and over, or 47 pounds net to the 30-dozen case; clean and free from stain, strong—
>
> Not in smell.
>
> —and sound in shell; air cell small, not over one-eighth of an inch in depth; white of egg to be firm and clear and yolk dimly visible.

What machinery does the farmer, or his wife, have to have in order to be perfectly sure that he or she shall not come under the penalty of the law? Well, the farmer's wife will have to have weight scales duly tested by government inspectors, I presume, in order to be sure that a dozen of eggs weigh 25 ounces. She may think that she is perfectly clear of any penalty under the law in that regard, but not so because the inspectors appointed by the government, desiring to show their authority and earn their salaries, come along and subject a few eggs out of the basket to candling. One of them takes a little rule out of his pocket and says: "Ah, you have these graded 'specials'. I want to point out to you that you have violated the law." "Why is that?" asks the woman. "Why, under that grade the air cell must not be more than one-eighth of an inch in depth. You can see for yourself if you look at this rule that the air cell in these eggs is three-sixteenths or nine-thirtyseconds of an inch." If that is so, she has violated the law. She is liable to a fine and imprisonment because, while the eggs may be all right in size and weight, the air cell is too deep. Her eyes may not be as good as his and she may make a mistake in estimating the one-eighth of an inch or thereabouts of the air cell, and so she comes within the law.

Supposing she is clear on that, then he points out to her again with the aid of a microscope or some other instrument he has at his disposal that while the eggs are correct as to weight and air cell, the white of the egg must be firm and clear and the yolk dimly visible. He says to the woman: "You can see for yourself that these eggs do not comply with the law; the yolk is not dimly visible; the line of demarcation between the yolk and the white is very clear and you have violated the law in that respect." So I might go through with the other different grades.

The whole thing is an absolute nuisance, a great inconvenience and an unnecessary expenditure on the part of the government. People who go to market might be trusted to select a basket of good eggs. Supposing

some of them are smaller than others, what difference does that make? The farmer knows that in doing business with the general public on the open market he cannot expect to retain his customers unless he gives them what he says he gives them. He sells the eggs as fresh eggs and that is all there is to the matter. Supposing there are two farmers' wagons side by side each with a basket of eggs and the eggs of one farmer are a little smaller than those of the other while the price is the same. The customer uses his judgment, makes his own selection and buys accordingly. To oblige the farmer's wife who takes a few dozen eggs to market to candle them, weigh them and subject them to measurement as to depth of air cell and all that sort of thing, is a decided nuisance and inconvenience which does not protect the public because the public does not need any protection along that line.

Apply the system of grading if you will to eggs for export or sold to the wholesaler; but to put a person who goes on the open market offering for sale a basket of two, three, four or five dozen eggs to the inconvenience and trouble of candling every egg, and measuring as to air cell, visibility of yolk and all that sort of thing is utter nonsense. From conversations I have had week after week with people on the market at Kingston I know this is regarded by them as an unnecessary inconvenience and nuisance and I see no object to be gained by subjecting those who sell in small quantities to this inconvenience. Remove it as regards the sale by the farmer on the open market in the cities and towns throughout the country and you will not do any harm to the trade, but on the contrary you will do away with what is regarded as a great nuisance and inconvenience. Numbers of farmers and farm women have spoken to me in regard to this matter, and they feel when they offer a basket of eggs on the market that it is up to them to guarantee that those eggs are fresh, but they regard the requirement to grade them into firsts, seconds, specials and extras as entirely unnecessary and I regard it in that light also.

There is a little too much of a tendency on the part of legislative bodies including this House of Commons to exercise paternal care over and to regard the general public as possessed of no common sense at all. Let the general public exercise the common sense which they have exercised all through the past years until this grading was put into force. I have not heard any great demand on the part of the people for this and I do not believe there is any great demand.

Mr. A. W. NEILL (Comox-Alberni): I presume that this resolution, introduced as it is, is a vote of want of confidence in the government. In consequence of the neglect and failure of a certain department of this government to accord what I thought was the very barest and most common measure of justice to some constituents of mine, I had sworn by such political gods as I adhere to to vote against the government until that grievance was remedied. My action in this connection was much along the line referred to a few weeks ago by an hon. gentleman on the opposite side in regard to the man who would not stop talking until he got compensation for the widow's cow. I think there are occasions when that is undignified, but that was the only possible remedy. This is the opportunity for me to do that, but I cannot stultify my convictions in this particular instance and the interest of my constituents by voting against the government in this matter although I would like to do so.

According to the wording of the resolution the mover wants the egg grading regulation not to apply to sale by retail in the local markets. He modified that in his speech by saying that he did not want the system to apply to farmers selling eggs to a consumer. Do not all poultry farmers produce eggs for the retail trade? In that way the resolution would mean the vitiation of the whole system of egg grading. If you allow one portion of the trade to be exempt you might as well throw up your hands and withdraw the whole egg grading system, because it would be impossible to enforce it properly.

The hon. member for South Wellington (Mr. Guthrie) said: Why pick on eggs? This is one of the products of agriculture and almost all agricultural products are graded. The hon. member mentioned butter. Does he not know that butter is graded? What about wheat? What about hogs? In New Zealand you are not allowed to ship a carcass of mutton to the Old Country unless it is graded.

Mr. SENN: When a farmer exposes a pound of butter on the market for sale has it to be graded?

Mr. NEILL: I do not know, but if it is not necessary that it be graded that is perhaps the reason why the quality of Canadian butter is not as high as it should be. It is for export at least. In New Zealand they are so jealous of their reputation in regard to certain classes of mutton that they will not allow any of this product to be shipped out without inspection. The whole history of agriculture is leading the farmers more and

more to the conviction, notwithstanding their objections in the initial stages, that co-operation is the only means by which they will be able to attain their greatest success. The fact that one uniform standardized product should be put upon the market is realized now to be the secret of their success.

The hon. member who introduces this amendment alluded to the fact that some of his constituents had to pay two cents a dozen for the grading of their eggs. Apparently the hon. gentleman's constituents have fallen upon rugged places, because it is done much cheaper out west although the cost of living is higher there. In the town of Courtenay, which is in the district I represent, there is an admirable system of co-operation which has worked out quite satisfactorily. It is true that originally the conditions indicated by the hon. member did obtain. A man brought his eggs to market and was unable to grade them himself, It was not convenient for him to do so, and it was equally inconvenient for the small grocer, to whom he sold his product, to do the grading. The result was that a haphazard system developed. To-day, on the other hand, all local eggs are taken to the creamery where they are graded by an expert. And it does not require any great amount of study, nor does it take very long for a man of ordinary intelligence to become expert in the grading of eggs. The eggs are graded and put into cartons or into other containers according to destination, this being done at the expense of the creamery; and if my memory does not serve me falsely—I do not think it does—the charge is half a cent a dozen. Under this system the public are sure of getting one standard grade of eggs. There is no trouble with dirty and inferior eggs to-day. The creamery after supplying the local demand ships out the surplus to the large markets in Vancouver and elsewhere. The same thing is done in the district represented by my hon. friend from Nanamio (Mr. Dickie). The result is a vast improvement upon the old-fashioned method of marketing eggs. I have personally seen eggs pour into the country grocer who ,although he did not want them, could not refuse to take them. He would cut down the price, but that did not help matters. The consequence was that there was left on his hands a miscellaneous assortment of odds and ends of hen's produce, from first class samples to dirty eggs. The grocer made a feeble attempt, with his meagre knowledge, to classify and ship out the better ones, but in the long run there was nothing but dissatisfaction both to himself and to the farmers.

[Mr. Neill.]

Eggs, I may observe, are now allowed to be shipped by the farmer ungraded if they are going to some wholesaler at a distance at whose warehouse they will be subject to inspection. There is always some objection to compulsory co-operation when it is first mooted. There will always be found persons who are ready to complain of any suggestion of restriction in any direction whatever. Men will say, "We want the right to do as we please. We want to have the freedom to sell our own produce as we see fit." Why, I have heard the argument for freedom of speech and freedom of action carried to absurd lengths, it is rather played out nowadays. I have even heard of the right to get drunk. On one occasion I came across an immigrant from some of the southern European countries who had a very serious grievance. It appeared that he had been arrested and put in jail because he had been discovered beating his wife, and he did not seem to see any reason for such a course. He explained to me that wife-beating was quite a common, and indeed almost an essential, part of the social system over there. Could a man not beat his own wife, he wanted to know. It is of course all in the point of view.

To-day the farmers are coming to see that no one should have the right to dispose of inferior produce in such a way as to injure the market for others. No producer should ship dirty eggs to the market and so spoil the chances of success of his brother farmers. It is in recognition of this principle that the regulations governing the shipment of eggs have been drawn up.

Some suggestion has been made that this was playing into the hands of the wholesalers. The reverse is the case. In 1922 I was present at a meeting held in the Chateau Laurier of representatives of the various egg dealers and producers in Canada. The wholesalers and other dealers outnumbered the producers, whose representatives were comparatively few. The object of the meeting was to study the situation with a view to adopting if possible some means of improving the quality of the product. The wholesalers opposed any suggestion looking to the grading of eggs. They declared that it would be disastrous to their business; they would have to go out of business if any system of egg grading were undertaken. Now, it happened that we had a Dominion act providing for inspection of eggs, but it applied only interprovincially. If a cargo of eggs left Vancouver for Victoria, no inspection was required; but in the case of a shipment from any point in British Columbia to Montreal, say federal inspection was enforced. I know of

a car which was about to leave the province, but as the eggs did not come up to the grade required, the shipment was turned down with a resulting loss to the producers. That same dealer in Montreal went to the United States and bought a carload of eggs on which he made a good deal of money for the reason that he did not have to have them graded. He sold them as just eggs, and, as I say, he made money on the transaction and he did not come back to British Columbia. At the time of which I speak there was no compulsory grading so far as trade within the province was concerned, nor was there any restriction on eggs coming into the country. An effort was made to secure legislation controlling the situation, but it was impossible to get the wholesalers and the producers to agree. At the meeting to which I have referred the wholesalers were more numerous and influential than the producers, so that no recommendation was made. The government, however, afterwards took the matter up and decided to provide grading regulations to apply to all eggs coming into Canada. This provision resulted in the immediate exclusion of all eggs coming from the orient as well as in a marked reduction in imports from the United States. The opposition of the wholesalers was based on the assumption that inasmuch as the Americans did not grade their eggs the Canadian business man would be at a disadvantage. But did it result in any loss to the farmers or in a restriction of the sale of eggs? Not at all. It resulted, as the records of the Department of Agriculture will show, in an enormous increase in the consumption of eggs per capita.

I am surprised that the hon. gentleman who has introduced this amendment should take this attitude in regard to the question now being considered, for if the grading of eggs means anything at all it means protection in a definite form and of a most desirable kind. It is the kind of protection we can all agree upon. It protects the producer without adding any expense to the consumer. I am sorry that the debate has come on so unexpectedly, because I should have liked to have got all the data available to discuss the subject fully. I am safe in saying however that, as things have worked out, the consumption of eggs per capita in Canada since egg grading regulations have gone into effect has increased very materially. And this is readily understood. People in comfortable circumstances will buy eggs so long as they are assured of getting a sound article; but if they come across a bad egg now and then, they are apt to turn against the commodity for a while. They are, however, prepared to pay the highest price for the finest article. So that the grading of eggs, assuring as it does a uniform and high standard, has resulted in a large increase in sales. The poultry dealer as well as the farmer, is therefore satisfied, and the consumer is pleased because he knows just what he is getting. If anyone likes to buy an inferior egg at a lower price he is at liberty to do so, but the important point is that the eggs are not all mixed together now as they were formerly.

I am sorry I cannot produce the resolutions to-day, but when speaking a few months ago on another subject I read to the House two if not three resolutions passed by egg producing associations in British Columbia. They all emphasized this one demand: Please ask the Dominion government not to monkey with the grading regulations. One resolution was to this effect: It has been called to our attention that an effort has been made, or is being made, or is going to be made by the wholesalers and egg dealers of Canada to modify these regulations. We hope and we beg the government not to give heed to them. I read two, if not three, of those resolutions, and they will be found on Hansard. Therefore I think this amendment is not justified. While I admit it would make it a little easier for the farmer to retail his eggs directly, any inconvenience he is now subjected to is a small matter in comparison with the greater benefit that will accrue to him and all of his class in having a better demand for eggs as a result of these regulations.

As regards British Columbia and Ontario, while Ontario probably produces more eggs on account of its greater size and population, I think per capita British Columbia is a far larger producer of eggs, because the poultry men there engage in specialized egg farming. It is not uncommon for a poultry farmer to have from 4,000 up to as high as 10,000 birds. In their associations the poultrymen express their views, and I am quite free to state that not one of those associations, which are composed of the most advanced poultry farmers, has ever expressed a desire to go back on the egg regulations now in force.

Mr. EDWARDS (Frontenac): Would my hon. friend favour the application of this principle of grading to butter, so that farmers would be obliged to grade the butter that they offer on the local market?

Mr. NEILL: Yes, I think I would go that length in the interest of the farmer himself, because every man who sells a bad egg or

a pound of bad butter thereby depreciates the value of the whole product and lessens the demand.

Mr. M. R. DUNCAN (North Grey): Mr. Speaker, I am sorry that the hon. member for Southeast Grey (Miss Macphail) did not come to Owen Sound with her eggs on a market day, for then I am sure she would have got more money for them. I am surprised to hear that the farmers of her constituency regard the egg-grading law as a good law, because in my constituency when the regulations came into force the farmers were very much annoyed and expressed their disapproval in strong terms. We have a market in Owen Sound on Tuesdays, Thursdays and Saturdays, and private citizens go there to buy their butter and eggs. But those eggs are not graded at all, there being no inspector present for the purpose. Therefore I do not think the law is any good at any time.

Mr. W. D. EULER (North Waterloo): Mr. Speaker, I should not like to be found among those who are opposed to the proper protection of the people's interests so far as food is concerned. I think, though, that in an effort to make a good law it is just possible occasionally to go a little too far, and I am inclined to suspect that that is the case with the present egg-grading law. I am familiar with only one point with respect to this law, which happened to come specially to my notice in the city of Kitchener and the town of Waterloo. In those two centres eggs are offered on the market very freely by the farmers of the surrounding country, and I suppose we have there two of the largest farm produce markets in Ontario outside of the larger cities. Those markets open very early, that in Kitchener at seven o'clock in the morning, which necessitates the farmers starting off from their homes at five o'clock. Under the present grading regulations they are obliged to stand in line until such time as their eggs can be inspected by the inspector, and they are required to pay 2 cents a dozen for the inspection. This delay has caused a good deal of dissatisfaction and inconvenience. My hon. friend from British Columbia (Mr. Neill) says the inconvenience is not very great, and the corresponding benefits outweigh it. I am not quite so sure about that. Certainly it is a very great inconvenience to the farmers I have referred to. There is also the inconsistency mentioned by an hon. member that there is no grading of eggs required when the farmer sells them from house to house or delivers them to his customers. I do not see why the farmer should not have the same freedom on the market.

Mr. EDWARDS (Frontenac): A block or two away.

Mr. EULER: Yes. I think in most cases those who buy their eggs on the market or at the door purchase them mostly from the same farmer; there is an established trade. When this matter came up with us about two months ago, the question was raised whether eggs had to be graded on the market. I took the opportunity of asking the Minister of Agriculture in regard to this, and he expressed the view that in quantities of less than fifteen dozen it was not necessary to grade eggs either on the market or when they were sold from house to house. I thought that was a pretty fair interpretation. However, it was found that the minister was mistaken and that under the law it was necessary to grade all eggs offered for sale on the market. I am not opposed out and out to the egg-grading law. I have my doubts about it, because, as I said at the outset, I think we are prone to make too many laws. At the time the law was enacted I thought it was quite fair because it would protect the farmer trying to sell by retail as against the dealer.

I would suggest to the minister as strongly as I can that he might very well vary the law and allow farmers to sell on the public markets in the same way as they sell from house to house. I know it has been urged that people would very much sooner pay a little more for their eggs even on the market, provided they are assured of getting absolutely good eggs. That may be true. Probably every member of the House, myself included, would prefer to buy eggs of undoubted quality. I think the provision might still be retained of having eggs graded where farmers desired the inspector to do so, but not to make this compulsory on the market. Then if we desire to have graded eggs we will go to those farmers who are taking the precaution to have their eggs inspected and graded. Possibly it would result that after a time those selling ungraded eggs would find it to their interest to have their eggs graded. I hope the minister will make some provision whereby this nuisance of grading at the market may be abolished.

Mr. RYCKMAN: Does the hon. gentleman think there should be grading with No. 1 first and then three grades superior to No. 1?

Mr. EULER: I am quite prepared to admit that we have too many grades. I rather

think there is room for improvement there, although that was not the point I rose to discuss.

Mr. S. G. TOBIN (Wetaskiwin): Mr. Speaker, I am strongly in favour of the standardizing and grading of all our products. We are a producing country, and therefore we must standardize the grades of the products we have to sell. Very much good has come to the live stock and other industries by grading. At one time it was thought not to pay or be worth while to try to sell a good thing because it was said it would be submerged by something of inferior quality and probably lower priced; but now with a proper system of grading we know the quality of the goods we are buying. I am already on record in this matter, for in the local legislature of Alberta I moved a resolution in March, 1925, asking that this act be amended in some respects. I am still of that opinion. I would like to read part of the resolution:

> That this legislature urges upon the Dominion government the necessity of amending the Live Stock and Live Stock Products Act so as to permit producers of eggs to sell to country stores in limited quantities without candling or grading, such eggs not to be for domestic consumption or for export until after they are candled or graded—

And so on. I was led to believe from certain circulars that these regulations were afterwards suspended; I think the retail associations sent out pamphlets stating that these regulations were suspended, and that was my understanding. I wish to say further that if the resolution before the House had been brought in under different circumstances and in a different way, I would have been inclined to support it. It could have been put on the order paper and brought up in the regular way, but instead we find it introduced as a want of confidence motion to prevent the government from going into supply, and I think the continuance of the government is much more important than this single matter. The government has a large programme of important legislation to put through, and I think it should be permitted to do so. But I do hope and believe that the Minister of Agriculture (Mr. Motherwell) will make some amendments to these egg-grading regulations; I think the details are a little too many and too hard to understand. Away out in the country the farmers wish to sell a few eggs to the country store. The store itself is only a small place, possibly combined with a post office and the business would amount to only a few hundred dollars yearly. Under these conditions that man could not have a grader, or if he had one the grader would not know his business.

As I have already said I understood and still understand that these regulations were suspended, but I merely want to put myself properly on record in this connection, because I am already on record as being opposed to some of the provisions of this act. I want it understood that I cannot support this amendment, introduced as it is; it is a motion of want of confidence in the government which I am supporting, and as such I must vote against it.

Mr. G. G. COOTE (Macleod): I must admit that I do not know very much about the grading of eggs, but I do know that many people are greatly disappointed when they buy an egg and find that they have a chicken. That happened so often in the past that I have no doubt it was responsible for the desire on the part of the Department of Agriculture to institute some grading system for eggs. I regret that the rules of this House are so out of date that we must spend our time discussing this small matter while we have a committee on Agriculture which could deal very much better with this matter than can the full House. I am going to suggest to the Minister of Agriculture and to the mover of this amendment that they might agree to have this question referred to the committee on Agriculture, when the head of the Poultry division of this department might be called before the committee. In that way we might improve the regulations for the grading of eggs.

I sent to the library for the Live Stock and Live Stock Products Act, but now that I have it I find very little information about the grading of eggs; it is all covered by regulations made by the department. I am at a disadvantage in speaking on this subject, because I have not a copy of the regulations, and all I know about the different grades of eggs is what has been said to-day. From my limited knowledge of the subject I am inclined to believe, however, that our present grades are very misleading to the public. If that is the case it should be corrected, but I think the majority of the hon. members are in the same position; they are not very familiar with all the different grades of eggs enumerated in the regulations.

As I understand it the complaint to-day is that a farmer cannot take a few eggs to the market without having them graded; that at least is the complaint of the hon. member for North Waterloo (Mr. Euler). I have felt that there should be another grade of eggs included in the regulations, namely ungraded eggs. If anyone wants to sell his eggs on the local market or from house to house without grading them, and if the customers at the market or the people of the town want to buy them that way, I do not see why that should not be

permitted. This would not in any way interfere with the egg-grading system, because the buyer and seller both know the eggs are not graded and no harm would be done. I think we must have some grading system, but I believe that if my suggestion were adopted it would meet most of the objections raised today.

I do hope this matter will be sent to the committee on Agriculture where we will have a better opportunity to discuss the question fully. Possibly the regulations could be amended in such a way as to meet the wishes of honourable members who have raised this question and still safeguard the system of egg-grading in Canada.

Hon. W. R. MOTHERWELL (Minister of Agriculture): I have to thank those who have contributed to this debate, Mr. Speaker. This is by no means a new theme; it has engaged the attention of the farmers, consumers and middlemen not only of Canada but of the United States, Great Britain, Ireland, and practically every other country where eggs are produced for export for many years. I would like to correct as gently as possible some of the erroneous views held by the hon. member for South Wellington (Mr. Guthrie) before starting to discuss this matter. He seems to want to throw the responsibility for this act, so far as eggs are concerned, on this government; he has brought it up on a motion to go into supply so that the responsibility will be placed squarely on the shoulders of the government. In other words we may have to bear the yoke, so to speak. Surely this is not a sufficiently serious question on which to defeat a government which has come safely through the trials and tribulations we have during the last four or five months. We deserve to live a while longer, and should not succumb to an attack of this nature. I assume that my hon. friend is not desirous of upsetting the government on this momentous question, but at the same time if he were more desirous of improving the situation I think he would have waited until my estimates came up, because the very first item has to do with live stock and this whole question could have been threshed out.

However, that is all by the way. The responsibility of introducing the Live Stock and Live Stock Products Act, as my hon. friend said, dates back to 1917; the original act was assented to on September 20 of that year. The moment 1917 is mentioned one's mind immediately goes back to the Union government, but do not place this at the door of the Union government, because I believe that government did not come into existence until later on. The elections were not held until December; perhaps the Union government existed before that, but at all events it was before our time. I would like to know what article my hon. friend was reading when he said the act prior to 1923 contained no reference to eggs or wool.

Mr. GUTHRIE: In the statute.

Mr. MOTHERWELL: We will have to get that reconciled in some way, perhaps before the agricultural committee, in regard to which the hon. member for Macleod (Mr. Coote) made a very good suggestion. Here is chapter 32, an act respecting Live Stock, assented to September 20, 1917. I am not wanting to repudiate responsibility in any way; I merely want to show that I am correct. The definition clause of this act of 1917 provides:

"Live stock products" means meat, poultry, eggs and wool.

I will pass this over to my hon. friend when I am through, if he will pass me over his authority. Then section 9 provides:

The Governor in Council may make regulations prescribing,—

(a) the manner in which stock yards are to be constructed, equipped, maintained and operated.

(b) the manner in which complaints against commission merchants and the operation, maintenance or management of stock yards shall be made and investigated;

(c) the manner in which live stock, meat, poultry, eggs and wool shall be graded and branded or marked, and what shall be the size of packages containing meat, eggs and poultry, the kind of package that may be used, and how such packages shall be branded, marked or labelled.

I am not wanting to put my hon. friend in a corner or anything like that, although I am afraid he was trying to put me in one, and he did not give all the information correctly. Were we in power in 1917? I remember that we had an election at that time, and that we did not get in. Here is the act of 1923, and it provides:

"Live stock products" means meats, poultry, eggs and wool, the word "eggs" where used to include frozen eggs, liquid eggs, desiccated eggs and eggs in the shell.

That is the only difference. I am not wanting to squirm out of anything at all, but my hon. friend has left the impression on the House that the consolidated act of 1923 was sort of smuggled through the House. Maybe the word "smuggled" is rather suggestive to him in view of what has been happening this session, and he thinks I am going into smuggling too. One of the reasons why there was very little discussion when this act was before the House was that there had been a very long discussion of it in the committee on

Agriculture. I recall it well as this was the first act of any account that I had charge of, and it was so decimated, so mauled around in the committee of Agriculture, that we had to reprint the bill; it was given a thorough going over, not only on one day, but on several days. I remember the produce dealers from many parts of Canada were present; in fact, the room was as full as it has been in the last few days, when the Campbell bill was before the committee on Agriculture, and it was quite as interesting. The railways were represented there to look after their interests, as well as the produce dealers, and we had at least four or five sittings of the committee. Under those circumstances one would not expect any very extended remarks when the bill came back into the House. The House usually accepts, not without question, but in the main it generally accepts the reports of the committee on Agriculture on questions that are essentially agricultural, so that it is not to be wondered at that there was not much discussion in the House. I think my hon. friend understands the reason now. So much for that.

My hon. friend also complained that the grading was so badly done at the grading station at Guelph, or somewhere in the vicinity, that a basket of eggs that was passed through the station three times got as many different grades. Our egg inspectors report that tricks like that are sometimes put up on them, but can you imagine a basket of eggs going through a station three times without some of them being cracked, even with the most careful handling? Then, of course, they will be in a different condition at the third handling, and will have to be graded down, and a great ado is made if it is but one grade different. These stations are not put up by the government, but by the farmers or by the trade itself. The farmers can use them or not; it is optional with them. We will supply the farmers with the candling equipment without cost to them, and we are doing it when it is requested, and sometimes without a request, where we think it is required. We will send them the candling equipment, at no cost to themselves, everything except the light. So the question of the cost of the grading can be eliminated. It is optional with the farmers whether they use the grading station or not, and as I said before, the grading station is put up frequently by the trade itself for the convenience of the farmers.

My hon. friend also referred to the egg graders being appointed by the Civil Service Commission. I wish someone would tell me how to get an inspector appointed without having to go to the commission. I would try it, I think; as a matter of fact, I did try it at first, and I failed. I have not got very much fault to find with the Civil Service Commission as such, but they are governed by an abominable act which I never had any use for and never will have, and if there is anything wrong with the egg inspectors you can lay it right at the door, not so much of the commission, as of this act. We have nothing whatever to do with the selection of the egg inspectors. We have to accept the commission's appointments; that is the trouble.

My good friend indicates that the farmers' wives particularly are imposed upon by these regulations. I have taken particular interest in the attitude of the Ontario farm women in regard to this matter. As every member of the House knows the revenue from the eggs and poultry goes to the farm women.

Miss MACPHAIL: And that is all.

Mr. MOTHERWELL: I remember attending a meeting at Chatham the year after these regulations were framed and there was great excitement there. There was a great crowd of women on hand, and I saw a number of them in the drawing room of the hotel. I could not help wondering which side they were on, because I thought they were going to win; they looked as if they meant business. After we had sat around a while and began to make inquiries from the complainants—and incidentally, nearly all these agitations are started by someone who has had his fingers burned by a prosecution for violating the regulations; we have had a few such cases in Guelph—I asked two gentlemen what was the trouble. They said that the whole business was wrong, and they wanted the grading done by weight, and weight alone. That was the proper way to grade, they said. That is I may say the system in some countries. But inasmuch as an egg is only useful in proportion to its fitness for use, the size of an egg is of no advantage if, when you knock the top off, the egg does not suit; the more there is of it, the worse it is. They admitted then that weight should be only one of the factors in grading, and under the regulations it is a factor. Then one of the leaders of the ladies' party arose, and soon showed that she was on our side, fortunately. I do not remember her name, I am glad to say, because I might be tempted to use it. She said:

> I do not see why these middlemen cannot play their part without interfering with one of the little good things the government ever has done for us. It is rarely that a government ever does anything that is

worth much to the producer, but here is one act on the part of the government that is really to the advantage of the producer of eggs, and here these middlemen have to step in and try to muddle up the thing and not have the system accepted.

I felt like pluming myself when I heard that, because I was partially responsible for the act. I am not wholly responsible, because my predecessors were responsible for introducing the act first as applied to the wholesale and interprovincial trade. It was not until 1923 that it was extended to the retail trade.

Mr. GUTHRIE: Hear, hear.

Mr. MOTHERWELL: We will come to that. Of course we all have to recognize that my hon. friend (Mr. Guthrie) is a profound authority on these markets. There are some other matters he may know more about, but we admit that on this particular subject he is quite an authority. We have also to admit that his statement has been rational and reasonable to the extent of his knowledge of the question under discussion.

I was sorry to have had a misunderstanding with the hon. member for North Waterloo (Mr. Euler). I think nobody would quarrel with the hon. member unless such person were suffering from a delusion. However, we had a little misunderstanding. I never dreamt that he was asking me with respect to the grading of eggs on the local market. I told him that under section 10 of the regulations, the farmers were exempt from grading eggs that were put on the market in the usual way and were not retailed. I also indicated that if a farmer had a number of customers, and there are a great many such, in the cities and towns, and delivered eggs to them, no grading was required there. The hon. member for North Waterloo may say that the farmers are required to grade their eggs when they go on to the market and become retailers. We do not use the word "retailers," but that is what the farmers become when they go on the market and retail their own eggs. That is what my hon. friend was alluding to, I suppose, in his remarks to me—the case of the farmer who sells eggs by retail, in other words the farmer who is a producer in the first instance and a retailer in the second instance. If what is asked can be permitted without upsetting the whole applecart I will be glad to consider it. But the conditions under which eggs are sold not on the market but on the market-place—I think that is what my hon. friend for South Wellington had in mind—should be remembered. Go down to the market-place in Ottawa and you will find others than farmers there selling eggs. You will find hucksters and peddlers, and dear only knows where these men get their eggs. They do not produce eggs—they are rarely egg producers but they get them in any old place where they can gather them up. There are really several classes of people that dispose of eggs on the local market-place. Now the request is made that we make an exception of farmers. I am willing to consider the request but it must be borne in mind that adequate safeguards must be provided in the interests of the consumer. Because eggs that were formerly sold on the market-place were not labelled at all. They may have been hen eggs, they may have been duck eggs, they may have been pigeon eggs, they even may have been nest-eggs. They were not graded, and you could not tell the quality until it was too late. I do not think I am exaggerating at all in making that statement. Now the proposition is to take a retrograde step and revert to the condition of affairs that prevailed ten or fifteen years ago when we are trying, in this progressive age, to build up a good market for the farmer and to insure that the eggs sold to the public shall be eggs of good quality.

Mr. EULER: Does the minister see any objection to accepting the suggestion of the hon. member for Macleod—

Mr. MOTHERWELL: Delighted.

Mr. EULER—that provision be made for the grading of eggs but that it be not compulsory and that eggs may be sold as ungraded?

Mr. MOTHERWELL: I thought my hon. friend was in favour of referring the whole matter again to the agricultural committee—

Mr. EULER: That is right.

Mr. MOTHERWELL: —where everybody would have a chance to give evidence on this very important question, including the hon. member for South Wellington, because in this important matter we should not take a sudden plunge. Every precaution was taken, in devising these regulations, not to worry the producer unduly. It was recognized that he had trouble enough without having to worry too much over the marketing of his eggs, and the idea was to make regulations with which he could comply without being unduly harassed, and at the same time try to raise the standard of the trade in the interest of the consumer and everybody else. Now section 10 of the regulation reads as follows:

4 p.m.

All persons who receive eggs on consignment or buy eggs for resale, in making payment for same, shall apportion the returns on the basis of at least two of the grades specified in these regulations—

There are no five grades such as were represented, and the dealers have to make a return of the eggs purchased which simplifies the matter very much. The section goes on to say:

—accompanied by a statement on the forms as required in schedule "A" to these regulations, provided that this regulation shall not apply where producers market their eggs in less than fifteen dozen lots in any one day.

That is to say the farmers can market fifteen dozen in any one day without having the eggs graded. The question is asked, why cannot the farmers sell their eggs on the local market-place without being subject to grading? That is a matter for consideration. How are we going to do so and at the same time exclude the hucksters, the peddlers, and those who do not produce eggs but get them in any old way? Even if the concession were made what kind of market would be built up? Remember that only a very small proportion of the eggs produced by the farmers goes on the local market. The great bulk of them is disposed of through co-operative activities, or in other words the egg pools of the country In my own province of Saskatchewan recently the egg pool had over fifteen thousand signed contracts. There are some seven or eight egg stations and over two hundred receiving stations in the province, and eggs are going through by the carload under these regulations with perfect satisfaction to the farmer. Ever since 1911 we have been endeavouring to improve the quality of the eggs sold in Canada wholesale and for export. The trade, after discussing the matter in 1911, 1912, and 1913 came to an agreement as to the grades that should be constituted. The great trouble was that in many cases the regulations did not conform with each other, but in 1918 the federal authority consolidated the regulations and crystallized them into national regulations looking to the betterment of this important project. In a matter of this kind, as in all other human affairs, it is necessary that there should be a process of evolution.

Mr. NEILL: Has the minister had any representations made by the poultry dealers' associations of British Columbia?

Mr. MOTHERWELL: Yes, I have a whole sheave of them here. I have the advantage of my hon. friend; I should have passed some of them over to him, there are more here than I can read. But they do not want any change. They do not ask for any modification such as that asked for by my hon. friend (Mr. Guthrie). Rather they want the regulations tried out for one year longer.

Now here is the section with regard to the local market, but as I said before I think the hon. gentleman means the local market-place. Yes, I find I am right. Well, that is an old-fashioned institution to which all classes of people like to go,—the rich, the middle classes and the poor. The kind of eggs my hon. friend wishes is the catch-as-catch-can kind; you never know what is in them until you knock the top off. He thinks it is lots of fun going onto the market and dickering for produce. If you want to see real fun, you should go into a local market in some towns in the Old Country, especially in Ireland, where you will see people haggling over maybe an old rooster or an old hen they have in their hand and scrapping until you would think they were going to fight over it. People like to trade and dicker. I do not know how they will keep that up if my hon. friend has his way and hucksters, peddlers and anybody else are allowed in the market without grading. Is that a step in advance or a backward step or is it an intermediate step? I want the best. It has been my privilege to build on the foundation laid in some cases by my predecessor the hon. member for Victoria (Mr. Tolmie). With respect to dairy matters he had the act passed through this House and left it to be brought into force by proclamation. In the meantime an educative campaign was going on preparing the public mind for the day when cheese, butter and eggs would be graded for export. We extended that grading but the measure was introduced by my predecessor and I wish to give him every credit for that initial step.

It has been my lot and privilege to introduce many reforms in the matter of grading, and out of them all, whether it be butter, eggs, cheese, hogs, apples, or vegetables of any kind, apparently exception can be had by our good friends on the other side just as regards the fractional part of one product —eggs—and only in the very smallest fractional part. Grading for export is all right and so is grading for import under which we have excluded practically all oriental eggs. By the strictness of our grading we are doing more to keep out that kind of rubbish than the duty of three per cent does. Our grading for export and import is sound; to our grading for the big markets like Montreal and Toronto my hon. friend has taken no exception. Just as on former occasions his heart is at present weeping for the farmer and he wants to do something for him in a strange sort of way. He wants to turn back the wheel of progress ten or fifteen years and again institute a market of this kind. I wonder how much my hon. friend would patronize it. He might go in and get a dozen of ducks' eggs. Ducks' eggs are recognized

as very good for cooking, but nobody wants a straight duck's egg for breakfast. Somebody might offer a bunch of pigeons' eggs about the size of your nail. On the other hand a number of people might like big double-yolkers. Perhaps out on the farm the children will be running around hunting behind wood piles and in other places and find maybe fifty or sixty eggs clawed over for several days or weeks by each hen using the nest and with finger prints on them. Back they come with their arms full of these eggs, delighted at their find. Is that the kind of eggs my hon. friend wants on the local market? Every man to his taste!

Section 5 reads:

Every case or container of eggs that is exposed, displayed or offered for sale by any person selling or delivering eggs direct to consumers in a public place or manner shall be marked, labelled, tagged or accompanied in conspiciaus letters with the name of the class and grade of eggs according to the Canadian standards.

That is the regulation requiring that all who go on the market and sell eggs as retailers must be figured alike. As I said before I am ready to refer this bill at a moment's notice to the Agricultural committee and see if it cannot be improved upon in any way. I would think it would be not a kindness but an unkindness to make the change, but perhaps my views are biased in the matter so that I will defer to what others think of it. This is a telegram received recently by Mr. Brown, Chief of the Poultry Division, from Mr. Clemens. Apparently he must have heard of this. The echoes of these things have reached Toronto from Guelph. This is the telegram:

Chief of Poultry division, Live Stock branch, Ottawa, Ont. In the interests of producers and consumers it would be disastrous to discontinue the grading of eggs on public markets and dealers' warehouses. Egg grading has most certainly increased home consumption, established confidence between producer and consumer and with our increasing production the farmer cannot afford to return to old slipshod way of selling eggs.

That is from the general manager of the United Farmers' Co-operative Company. Many hon. members must know Mr. Clemens who was in Ottawa about a month ago working out a proposal to construct a co-operative cold storage plant in Toronto for the purpose of storing eggs when the storage season would commence. That gentleman's testimony is worth something and I understand he represents at least 30,000 farmers. I have another telegram the substance of which indicates that on the Toronto market itself they are highly in favour of egg-grading and would be sorry to depart from it even on the local market.

[Mr Motherwell.]

I think if there was a grievance down by the sea they would discover it. I want to pay this tribute to the Maritimes; they have made more advance in the matter of production of eggs on a quality basis than any other part of Canada, even than British Columbia, and that is saying a great deal. This is particularly true of Prince Edward Island. They are great advocates of grading eggs and selling according to our standard, and they insist on that. Part of our recreation is to stand these gentlemen off in their protestations that we are not going forward more quickly than we are in completing this system. This is a resolution passed by the New Brunswick Poultry Exchange at their annual meeting in January, 1926, before it was ever whispered abroad that my hon. friend contemplated this momentous motion:

Whereas the Canadian egg regulations as at present existing have provided a common basis of trading, and created confidence in egg trading.

And whereas consumption of eggs in Canada has gradually increased since the regulations went into effect so that our average per capita consumption is now 25 dozen annually.

That is correct. Fourteen years ago it was only sixteen dozen annually. In other words, we have made a market. Since the egg regulations came into force Canada consumes at home over 80,000,000 dozen eggs more than she did previously. We export only 3,000,000 dozen. What will you do with the 77,000,000 dozen and what will you get for them if you have to sell them as storage eggs abroad? The resolution continues:

And whereas under the present regulations Canadian eggs have found ready sale in British markets,

Resolved, that the New Brunswick Poultry Exchange in annual convention assembled do hereby place themselves on record as entirely in accord with the principle of egg grading as required by the regulations and urge the department to rigidly enforce same both as regards class and grade.

Since it is only the minor detail of an infinitesimal fractional part of one article that the hon. member for South Wellington (Mr. Guthrie) differs from me on, we are not so far apart as regards the principle and soundness of grading generally. How the hon. gentleman can drag this question into the limelight and propose a vote of want of confidence in the government, and at the same time have a desire to secure a reform, is really past my understanding. Possibly he will enlighten us at some future time. Let me read the following in reference to a meeting held at Waterloo:

At a meeting of the Waterloo retail grocers held in the council chambers, last night, (April 9th, 1926) the following resolution was passed, unanimously:

"That this meeting of the Waterloo grocers and egg dealers, wishing to strengthan the hands of the

Minister of Agriculture, places itself on record, that they appreciate the value and benefit of the egg regulations and earnestly desire a stricter and more rigid enforcement of the regulations. They also wish to express their approval of the manner in which the Waterloo egg grading station has been operated."

In the city of Guelph, where the grading system is carried out, they are getting from three to seven cents more for their eggs than the producers obtain in Waterloo, where only 50 per cent of the eggs are graded. This shows that the more strictly they adhere to the grading system, the higher the prices the producers receive for their eggs. There is a larger sale at Guelph and the return to the producer is enhanced, and this is due to the enforcement of the regulations. Here is what comes from New Westminster, to which a reference has been made by the hon. member for Comox-Alberni (Mr. Neill):

Herewith please find list of names signed by our producers and vendors who are very much against altering the Dominion Egg Grading Act.

Your Mr. Thornfield has been very good and we have both spent a lot of time getting our producers and vendors broken in—

That is a good term.

—to grade and candle their eggs. Mr. Thornfield has gone out of his way many many times to show our producers how to grade their eggs and there is never a market day passes but what he is here inspecting the eggs and giving advice how to grade.

I feel it would be bad both for the producer and our market to alter the act just when it is working so well for both parties.

Trusting that you will do all in your power to keep the act in force, I am,

In November there was a perfect epidemic of resolutions of this kind started in British Columbia on the far-away Pacific coast. The people there no doubt heard the reverberations and the after-claps from the election campaign in Wellington county, where apparently this question was made an important issue. And if the hon. gentleman had succeeded in getting on this side of the House he would evidently have abolished these regulations. This, at any rate, is the inference to be drawn from the reports of his campaign speeches. What he said at that time was no doubt magnified in the transmission from his county to the Pacific coast, with the result that there was a large crop of resolutions all imploring the government not to touch the regulations at all. Here is another letter signed by a considerable number of persons interested in the business:

We, the producers and vendors of the Fraser valley market understand that there is a movement on foot to alter the Dominion Egg Grading Act.

You see how far afield the hon. gentleman's fame spread.

We wish to state that in our opinion the Egg Grading Act has been a great benefit to us in increased returns, and do not wish it altered.

There is no reservation there. A long list of names follows but I shall not read it. I do not know any of the persons enumerated nor do I think hon. gentlemen would recognize many of them. I come now to a communication from the Cowichan Creamery Association:

Re grading of eggs.

We notice a news item in a provincial paper to the effect that eastern produce dealers are asking for changes to be made in the regulations governing the grading of eggs. Under date of 17th inst., we sent a letter to your inspector in Victoria supporting the regulations, as in our opinion we consider the present system of grading to be of benefit alike to producer, merchant and consumer. When writing to your inspector we were not aware of this agitation against the regulations.—

They call it an agitation.

—in eastern Canada, and we would esteem it a favour if you can give us any information on the point, whether our information is reliable or not, and if it is so, just what do the produce dealers have in mind.

We think we state but the simple truth when we assert producers and dealers in British Columbia are in favour of the regulations. No doubt minor alterations may be made from time to time as experience shows where adjustment is necessary, but as the governing standard in the egg business of the country we are strongly of the opinion they ought to stand.

That is almost word for word in agreement with what I have already said. This matter of egg grading, like so many other improvements, is one of evolution. The hon. gentleman would have us take a retrograde step, and while I am sure there is nothing to be said that is not favourable to the system as it is now in force, I am willing to have the subject investigated thoroughly in the place where such an investigation can best be held, namely, before the committee on Agriculture. If you like, I will stay away altogether.

Mr. NEILL: In view of the statement made by the minister in the House some months ago, that it was his determined policy to make no change in the regulations this year, is it fair now for him to refer the matter to that committee at this late stage of the session?

Mr. MOTHERWELL: So much importance has been attached to the question by some hon. gentlemen opposite that I am willing to allow it to be discussed in that committee, and we can afford to run the risk of any changes being made in the regulations. This has been made a public question and we should, in my opinion, court the fullest publicity. All these documents can be submitted in evidence, to show the strong feeling that prevails against any change at this time.

In any event it would not be worth while making any change for another year. Some considerable time ago, both the wholesale dealers and the retail trade met in this city, and the government was requested to remodel the regulations. We had no intention of making any alterations in the regulations, the idea being that we would merely simplify them. One gentleman from Winnipeg remained over to give what assistance he could to the departmental officials in working out possible improvements, and while this process of simplification was going on there came the insistent demand that the regulations be not touched. That is why I made the statement some time ago, to which my hon. friend has referred, that in view of the differences of opinion which apparently existed we would allow the regulations to be enforced for another year. The following resolution comes from Harmsworth District Farmers' Association, British Columbia:

That this meeting, being representative of the poultry industry of this district of the municipality of Langley, British Columbia, appreciates the value of the Egg Grading Act inasmuch as its enforcement has the effect of giving the producer fair value for the eggs marketed by him, and the consumer a guarantee of quality and weight, and

Be it resolved,

That this meeting would view with great apprehension any move to repeal or modify the said Egg Grading Act which would have the effect of relaxing the regulations to allow the purchase or sale of eggs other than by the present standard grades.

There would be no system of grading at all if eggs were sorted in the market place. In olden times people instead of going to Hyde park to engage in arguments went to the market place, and I presume that the grading of eggs there would be a means of popularizing these open air debates. If people wanted to get rid of some undesirable speaker they would have the proper missiles handy with which to assail him.

So that I have read reports of public feeling in New Brunswick, on the Pacific coast, in Toronto and in Guelph, on the question of these regulations and the desirability or otherwise of amending them. There is another resolution addressed to me by a gentleman named Mufford, secretary of the Milner Poultry Association:

Whereas it has been learned that attempts are being made in certain provinces to change the present regulations respecting the grading and marking of eggs,

And whereas the present regulations as far as the payment for eggs on a graded basis is concerned have proven to be the only fair method of returning payment to the producer,

And whereas the present method of payment on a graded basis has benefited the producer by giving him better returns for his eggs,

Be it therefore resolved that this meeting of poultry producers in the Milner district go on record as being in favour of the continued application of the regulations as far as payment to the producer on a graded basis is concerned.

By this time my hon. friend must have come to the conclusion that there are at least two sides to this question, and that not everything is on his side. These people who are the producers, and upon whose behalf he is pleading, as I am, because after all they are the most important people to be considered, are strongly in favour of egg-grading. Next to them I presume come the consumers, although they are not in the habit of asserting themselves very much, but they also are in favour of the regulations because they know what they are buying when they buy graded eggs. As a result the people of this country are eating more eggs. Last year every man, woman and child in the Dominion ate 120 eggs more than four years ago. My hon. friend belongs to a party that never misses an opportunity of extolling the benefits of the home market. Well, I have produced a home market for 85,000,000 dozen of eggs more than our farmers had before, but I get not one word of approval from my hon. friends opposite. What is the use of playing their game if you are to get the cold shoulder in this way? And from an old political friend at one time! He should not be as bad as the hard-boiled ones. But unfortunately the latter stage of these backsliders is worse than their first. Here is a statement from Guelph. It is got up by the director of publicity for the live stock branch as a press despatch. We are not using it as propaganda or it would have been out before.

The grading of eggs has been applied rigidly on the Guelph market for over a year, the farmers' eggs being graded at a booth on the market. At Waterloo, although grading has been in effect for a much shorter time than at Guelph, fully ninety-eight per cent of the eggs sold on the market are classified and graded. At Kitchener, on the other hand, not alone has grading been in effect for only a short time, but the graded eggs have never constituted more than fifty per cent of the total quantity of eggs on the market.

Because of this difference to which my hon. friend and I have been referring.

In view of these conditions the price comparisons on the different markets are extremely interesting.

Guelph farmers, with their market strengthened by a full year of thorough grading, received an average of three cents a dozen more for their eggs than the Waterloo farmers and seven cents a dozen more than the farmers in the vicinity of Kitchener. Similarly, farmers on the Waterloo market, who have been practising grading for but a few months, received an average of four cents per dozen more for their eggs than did the producers at Kitchener, where only fifty per cent of the eggs were graded.

That is an authentic statement, and I think we may accept it as such.

Mr. EULER: May we take it, then, that the minister will allow the question to go to the agricultural committee?

Mr. MOTHERWELL: The House is master, and I feel that the hon. member for South Wellington has raised an issue that we should try to get to the bottom of as far as possible. I would be in favour of its going there.

Mr. DUNNING: Not on this motion.

Mr. MOTHERWELL: No. This motion, if it passes, defeats the government. I should like to draw attention to the fact that, as I indicated before, this is a matter of more than ordinary importance. As our urban centres grow they consume a larger percentage of egg product as against meat product, the former being found to be more wholesome and healthful. I have in my hand a report on egg marketing in England and Wales issued by the British Ministry of Agriculture and Fisheries. It contains 148 pages, but I am not going to quote it. The report refers approvingly to the progress Canada has made, and it is pointed out that we are the only country grading eggs on an interior quality basis. If any hon. gentlemen think our system is complex, I would remind them that it is simple compared with even the rudimentary efforts in egg grading that are being made in Great Britain and in the United States. Whether the names of our grades are right or not; the United States have copied ours almost in toto. We have often been criticized for not having the grades numerically or alphabetically. Well, there is a habit all over the world of attaching the word special or fancy to something of particular excellence, and the best eggs for hospitals are called "specials." They are not looked upon as a commercial grade, for it is only men like my friend Goddard who can sell their eggs every other day and get very many specials fresh off the bat. My hon. friends can see this large sheet of United States standards and grades for eggs. It would make one dizzy to go through the complications in connection with grading in that country. They are where my hon. friends opposite were back in 1918 when they were laying the foundation for this work. It was optional for a while. It is optional in the United States now. Our grading for cheese and butter for a year after I had charge of this work was voluntary. That is the sensible way. In the United States they are preparing for the day when they will catch up to Canada and have their egg grading compulsory. The United States standards of quality for individual eggs are: U.S. Special; U.S. Extra; U.S. Standard; U.S. Trade; U.S. Standard Dirty; U.S. Trade Dirty; U.S. Check. There is nothing suggestive of the relative standing of these grades except possibly the first two. This important question is engaging the attention of United States authorities, and they are following in our footsteps—instead of being a tailender we are leading the way. Egg grading is in force in the north of Ireland. Here is the regulation:

> If any such eggs are exposed for sale by retail there shall be attached to or exhibited with,—

and so forth, and so forth. They are searching out in the same direction. Why? Because a great many of their eggs are sold in the British market, and they know the taste of their customers is for eggs of the best quality, and they also know that if their customers want quality they must pay on the basis of quality. With all these authorities it is not surprising that the hon. member for South Wellington (Mr. Guthrie) and myself, as well as others, might differ in the matter of details.

Mr. GUTHRIE: Would the minister consent to refer to the committee on Agriculture the specific question in the last line of this resolution:

> —that such system, in so far as it applies to sale by retail in local markets, should be discontinued.

Would the minister refer that particular question to the committee without going into the whole egg trade?

Mr. MOTHERWELL: I will do so if my hon. friend will withdraw his amendment.

Mr. GUTHRIE: I am satisfied.

Mr. MOTHERWELL: Then I have finished, Mr. Speaker.

Amendment withdrawn.

Motion agreed to and the House went into committee of Supply, Mr. Duff in the chair.

HUDSON BAY RAILWAY

Railways and Canals—Hudson Bay railway—construction and betterments, $3,000,000.

Sir HENRY DRAYTON: Explain.

Hon. CHARLES A. DUNNING (Minister of Railways and Canals): In order to explain I should say that the steel on the Hudson Bay railway is laid from mile 0 at Le Pas, Manitoba, to mile 332 at Kettle Rapids, and the $3,000,000 asked for is designed to put that 332 miles in shape for operation. It is not intended to bring the road to main line standard, but to the ordinary standard of branch line construction. I had better give

the committee the details of how the estimate of $3,000,000 is arrived at, and I may say here that the estimate was made by the engineering staff of the Canadian National Railways. It is estimated that 950 tons of 80 pound rails will be required to replace those kinked; the amount involved is $39,900; there will be required 650,000 ties at $1.10, a total of $715,000, and the placing of those ties at 35 cents each will amount to $227,500. Cutting brush on the right of way, $25,000; widening cuts, 50,000 cubic yards at 80 cents, $40,000; cleaning ditches, $10,000; widening banks and raising sags, 500,000 cubic yards at 90 cents, $450,000; ballasting at the rate of 500 cubic yards per mile, a total of 180,000 cubic yards at $1.10 per yard, a total of $198,000. One bridge is required at Cormorant lake narrows, mile 42, the estimated cost of which is $49,500; repairs to trestles and culverts, estimated cost $50,000; repairs to telegraph line, $10,000. It should be understood that the existing Hudson Bay railway simply consists of a pair of rails with none of the necessary operating equipment such as water stations, engine terminals at divisional points and so on. So we are estimating that twelve water stations will be required at a total cost of $132,000. We will need thirty section men's dwellings costing a total of $57,000, thirty bunk houses costing $33,000, and thirty tool houses costing $9,000. We are only allowing for four stations at present in the 332 miles in addition to the present station at Le Pas, and these stations will cost $26,400. Only twenty miles of wire fencing is estimated, to cost $9,000. We will require six pumpmen's dwellings costing $12,000, and with regard to the necessary operating facilities we will require an engine terminal at Le Pas costing $200,000; another at mile 136 costing $250,000 and another at mile 296 costing the same amount. The total of the figures I have read is $2,793,300, and the balance of the $3,000,000 is allowed for engineering and contingencies.

Mr. HAY: Are you not building an engine house at the terminal?

Mr. DUNNING: Where?

Mr. HAY: At the bay.

Mr. DUNNING: I explained at the outset that the $3,000,000 in this estimate is for the purpose of putting into condition the 332 miles which at present has steel.

Mr. HAY: I mean just an engine house.

Mr. DUNNING: I am not now dealing with any expenditure at Nelson, but with the expenditure necessary to put into condition the existing 332 miles of steel. The engine terminals to which I refer are those terminals necessary for the operation of that mileage.

Sir HENRY DRAYTON: How much farther is it to Nelson?

Mr. DUNNING: Nelson is 92 miles from the end of steel at mile 332. The grade is built from the end of steel to Nelson but there is no steel beyond mile 332.

Mr. HANNESSON: Has the minister an estimate of how much it will cost to complete that 92 miles?

Mr. DUNNING: Yes, and perhaps this is the proper place to give that information. It is quite clear, then, that the $3,000,000 now before the House is estimated in accordance with the detail which I have placed on Hansard and will be devoted to conditioning and putting into operating shape the 332 miles which already has steel. That is this year's work. The information I am now giving in response to the hon. member for Selkirk is with regard to the cost of completing the 92 miles, which is graded, from the present end of steel into Port Nelson. The estimated cost from Kettle Rapids, mile 332, to Port Nelson, mile 424, is $3,153,000. I presume my hon. friend would like the details in this connection as in the other. They are as follows:

CANADIAN NATIONAL RAILWAYS

Estimate of Cost to Complete HUDSON BAY RAILWAY from Kettle Rapids, Mile 332, Port Nelson, Mile 424
Main Line, 92·5 Miles. Sidings, 7·5 Miles. Total Track, 100 miles

Description	Unit	Quantity	Price	Amount
Clearing	Acres	250	$ 30 00	$ 7,500
Grading (repairs)	Sum			20,000
Bridges:—				
Limestone river	Sum			160,000
Kisemackisk river	Sum			200,000
Trestles	Sum			40,000
Cedar box culverts (including iron)	M.F.B.M.	800	78 00	62,400
Ties (track) (treated)	Each	300,000	1 90	570,000
Ties (switch)	Setts	50	100 00	5,000
Rails, 80 lb. relay (1,342 tons on hand)	Tons	11,230	44 00	494,000
Tie plates	Each	21,600	0 40	8,640
Track laying	Miles	100	1,000 00	100,000
Ballasting	Cu. Yds.	300,000	1 10	330,000
Trainfilling	Cu. Yds.	250,000	0 90	225,000
Telegraph line	Miles	92·5	550 00	50,875
Water stations	Each	5	11,000 00	55,000
Signs	Each	100	6 00	600
Stations, 3rd class	Each	2	6,600 00	13,200
Station men's dwellings	Each	6	1,900 00	11,400
Station men's bunkhouse	Each	6	1,100 00	6,600
Station men's tool house	Each	6	300 00	1,800
Pumpman's dwelling	Each	2	2,000 00	4,000
Railway terminal facilities at Port Nelson	Sum			500,000
				$ 2,866,115
Engineering and contingencies, about 10 per cent				286,885
Total				$ 3,153,000

With regard to the estimate for rails, it is based upon 80 pound relay rails, not new rails, but rails of the weight used on the road up to mile 332. Instead of using new rails, relay rails from other parts of the system will be used and we have on hand 1,342 tons.

Mr. HANNESSON: Is there nothing for engine terminals?

Mr. DUNNING: Yes, that is included in the item for railway terminal facilities at Port Nelson.

Mr. HANNESSON: That includes everything?

Mr. DUNNING: Yes.

Mr. GEARY: What percentage is allowed for engineering items?

Mr. DUNNING: About 10 per cent. It will thus be seen that it will cost $3,000,000 to put the existing track in operating shape up to branch line standard. It will cost a further $3,153,000 on some future occasion of course, to finish the line to Port Nelson, to put it in complete operating shape as a railroad, including terminals for railway purposes only, or a total of $6,153,000 to complete and put into shape the Hudson Bay railway from The Pas to Port Nelson.

Mr. ROGERS: My hon. friend used the phrase, "on some future occasion." What does he mean by that?

Mr. DUNNING: By that I mean that the vote which is now before the committee, for $3,000,000, is for the purpose which I mentioned. Naturally we will have to come back to parliament for another vote to finish the line, as we are only asking on this occasion for this year, $3,000,000. Frankly I may tell my hon. friend that if I had thought it possible as Minister of Railways to do more than to put the existing line into shape this year, more would have been asked for, because it is the policy of the government to complete this railway.

Mr. STEVENS: Would the minister also add to the figures he has given, the estimated cost in connection with the channels and various aids to navigation, wharfage, and such elevator facilities as may be contemplated at Port Nelson?

Mr. DUNNING: I do not want to complicate this particular vote, because there will be a discussion of that later, but I think probably it would be as well to have all the information on Hansard. It is estimated that it will cost $6,153,000 to complete the railway. It is estimated that the harbour works at Port

Nelson, including elevator accommodation to the extent of 4,000,000 bushels—I would ask my hon. friend to bear in mind that that is not yet decided upon, but the estimate does include provision for it—with accommodation in the harbour for ten ships at the same time, will cost $20,200,000. The details of that are as follows:

Statement showing estimated cost of Harbour Works at Port Nelson for Ten 7,000-Ton Ships all in Port at the same time

Unit Prices 50 per cent greater than are being used in St. Lawrence Project Estimates

Entrance channel and island to opposite Allette 20′ below low water, earth and boulders 1,570,000 yards at $1.60	$ 2,512,000	
Along dock face on island—		
4,400 ft. to 30 ft. below low water ordinary Spring tide, earth and boulders, 2,700,000 yards at $1.20	3,240,000	
5,400 ft. to 15 ft. below low water ordinary Spring tide, earth and boulders, 1,200,000 yards at $1.20	1,440,000	
		$ 7,192,000
4,000 ft. dock walls at 77 yards, 308,000 at 12.00	3,696,000	
Sinking and preparing crib seats 308,000 at 4.00	1,232,000	
3,000 ft. rear crib at 25 yards, 75,000 at 12.00	900,000	
4,000 ft. anchorage crib, 12 yards, 48,000 at 12.00	576,000	
Anchorage bolts 4,000 ft. at 200 lbs., 8,000,000 at 14c	112,000	
Filling of island above elevation, x 7, 1,200,000 at .60	720,000	
		$ 7,236,000
4,000,000 bushel elevator at $0.90 per bush		3,600,000
Lighthouse crib at entrance of harbour		300,000
		$ 18,328,000
Add 10 per cent for engineering management		1,872,800
		$ 20,200,800

I would point out that the unit prices are based upon a 50 per cent greater unit price than the same engineers are using in connection with the St. Lawrence project estimates, so that surely they can be regarded as fairly accurate. The engineer in question is Mr. D. W. McLachlan, who was engineer at Port Nelson for many years, and who is now chairman of the joint engineering board in regard to the St. Lawrence. The engineer estimates for a 4,000,000 bushel elevator, but I am not prepared to concede that that capacity of storage is necessary. It is rather handling than storage that will be required at a port of this kind.

Mr. STEVENS: If it is to handle any considerable quantity of grain it would not be anything like sufficient.

Mr. DUNNING: I take issue with my hon. friend right there. The bushel capacity of an elevator has nothing to do with its handling capacity.

Mr. STEVENS: But if at this particular port there will only be seven or eight weeks time for shipment it renders a much larger equipment necessary.

Mr. DUNNING: I shall be glad to take issue with my hon. friend on that question at a later stage of the debate. Now, in connection with these figures I want it distinctly understood that I am not committing the government to this expenditure. I anticipated being asked a question as to what the engineering estimates were with respect to the completion of the terminal at Port Nelson. I want, in this connection, to revert to my previous statement: It is the policy of the government to complete this route as economically as possible in order to enable a fair trial of it to be made. While I have carefully gone over the figures with respect to the vote which is now before the committee, and have carefully gone over the figures with respect to the cost of completing the 92 miles of railway, I cannot say that it has been possible to do the same thing with reference to the estimated cost of the work at Nelson. Not that I am in any way casting doubt upon the engineer's figures as to the work which he proposes, but I am not satisfied that it is necessary to do all the work with which his estimate deals in order to obtain the object sought by the government. I brought down the information exactly as I have it with respect to a port capable of taking at one time ten ships, but without committing the government necessarily to an expenditure as large as that in order to attain the object we have in view.

Mr. NICHOLSON: Are we to take it that the purpose of this expenditure is merely to test the route, and if that is the case, is it the feasibility of a railway to Port Nelson or the feasibility of the development of the port which is to be tested?

Mr. DUNNING: No. There are a number of related questions of course. The feasibility

of the railway is beyond question. Its utility in other directions than that of transporting the products of the west to the markets of the world can be demonstrated, and will, I have no doubt be demonstrated by hon. members on both sides who have more intimate knowledge of the situation, acquired on the ground, than I have. The line without question runs through the mineral belt as to which we have heard a great deal recently in connection with new discoveries. Generally that belt with its mineral possibilities extend across the territory. There are also certain possibilities from the point of view of pulpwood development, undoubtedly very great possibilities from the point of view of power, and great possibilities also from the point of view of wheat and other products. That is so far as the railroad, as such is concerned. When I spoke of a fair trial being made I meant a fair trial of the sea route to Europe from a Hudson bay port. I need not make an extended speech upon the subject; it has been before parliament for the last forty years. I feel sure the hon. member for South Winnipeg (Mr. Rogers) will remember a certain famous political meeting which was being addressed by one of his political friends just before an election out there forty years ago, when a boy came up the aisle with a telegram and handed it to the speaker and the latter said "Thank God the rails are shipped for the Hudson Bay railway".

Mr. ROGERS: That was a Liberal candidate.

Mr. DUNNING: That is the story as I heard it.

Mr. KENNEDY (Winnipeg): That was Hugh Sutherland, the Liberal candidate.

Mr. DUNNING: I never heard of Hugh Sutherland as a Liberal.

Mr. ROGERS: He was certainly the Liberal candidate.

Mr. DUNNING: On that occasion?

Mr. KENNEDY (Winnipeg): He reached years of discretion afterwards.

Mr. DUNNING: If the gentleman in question was a Liberal candidate on that occasion he has certainly changed his political faith since. But forty years is a long time, and I merely used the illustration to show what one of my hon. friend's political friends thought of the matter forty years ago.

5 p.m.

Mr. ROGERS: Quite right.

Mr. DUNNING: Now we understand each other. My point is that so far as the testing of the route is concerned it is something which has been a matter of repeated discussion and repeated investigation from a theoretical point of view, for the last forty years.

Mr. WHITE (Mount Royal): Is it necessary to spend $20,000,000 to test that?

Mr. DUNNING: I do not admit that it is necessary to spend $20,000,000 in order to make the test. I wish to make that clear. I was asked, as I anticipated I would be asked, for the cost as laid down by the engineers of a certain standard development of the port. Hon. gentlemen must clearly understand that this does not commit the government to this particular port development, or commit the government, for instance, to the erection of a 4,000,000 bushel elevator, not by any means. Furthermore, I may call the attention of hon. members to the fact that in giving $3,600,000 as the estimated cost of a 4,000,000 bushel elevator I was giving the only engineering information available with respect to this particular size of port.

Mr. ROGERS: My hon. friend spoke of "this particular port." Has he in mind any other port?

Mr. DUNNING: I may as well settle that question right now.

Mr. LAPOINTE: Trouble maker.

Mr. DUNNING: The government has no intention of changing to another port at the present time.

Mr. ARMSTRONG (Lambton): The Minister of Railways has no doubt made an estimate of the passenger and freight traffic which will be carried over that road on which he is going to spend $6,153,000. Would he be good enough to give to the committee some account of the estimate that he has made in that regard?

Mr. DUNNING: Some things are very difficult to estimate. My hon. friend knows for instance that when the Canadian Pacific railway was built out into new country any estimate that might be made as to passenger or freight traffic would be futile indeed. This is a railway reaching out from the Pas to tidewater at an entirely new port. It would be the wildest guess to attempt to estimate what will develop along it. I can only say in general terms what I said a moment ago, namely, that there are certain possibilities of development along the road; there are possibilities in connection with arctic trade upon which some hon. members are, I believe, particularly well informed, and there are, of

course, the other possibilities of its use in connection with an overseas route to Europe. I cannot pretend to have made any estimate of revenue along the line requested by my hon. friend, but I can give him some detailed information in connection with one particular product being transported over that route if he will just give me time to look it up.

Mr. STEVENS: Will the minister, while we are at this interesting point, give some indication of what is in his mind as necessary to test the route? While asking that question I will ask him to deal with two or three phases, for instance, the equipment which he considers necessary to make this test, where and at what cost he expects to secure vessels capable of travelling that route, and also the aids to navigation which it will undoubtedly be necessary to put in for the direction of a commercial route, for example, certain lighthouses, lightships, buoys and so forth, the usual aids to navigation such as exist and must exist on every commercial route. If the minister could give us some idea of the cost of these, it might give us some better estimate of the ultimate cost of this route.

Mr. DUNNING: I cannot do that at this time. It must be quite apparent to my hon. friend that investigation is required before one can determine precisely the aids to navigation which are needed. Previous information on the subject does not lead me to believe that any considerable expenditure will be necessary in connection with lighthouses and things of that sort through the strait, and the bay is open sea. Provision is made in the estimates which I have just dealt with for a lighthous at the entrance to Nelson channel There are related questions upon which I could give general information in a little time. I thought there would be a more or less general discussion which would give me an opportunity of feeding the information more gradually than I have been able to do so far. I think I have under my hand most of the information which is available in the department.

As regards the question asked by the hon. member for East Lambton (Mr. Armstrong) as to traffic, I have a memorandum dealing with this point. I think it is recognized by the committee that Mr. R. A. C. Henry of the Canadian National Railway Bureau of Economics is a capable student of these matters, and I do not think I can do better than indicate some facts as gathered by him. The total yield of wheat in Canada last year is now estimated at 411,375,700 bushels, the second largest on record for Canada. To this total grain yield, the three prairie provinces contributed 382,959,000 bushels. In addition these provinces produced 322,254,000 bushels of oats, 94,141,000 bushels of barley, 11,545,000 bushels of rye and 9,138,000 bushels of flax seed.

Wheat commences to flow towards the elevators in the west about the 1st of September. It is agreed that navigation of Hudson bay and strait is at its best during September and October, and there is very little doubt but that with ordinary aids the period of navigation could be extended until November or a little later in some seasons. Mr. Henry uses two months as the basis of his calculations. I am giving the figures based conservatively by a student of economics on the basis of two months without in any way admitting that navigation is in fact limited to two months. Mr. Henry deals with the seasonal movement aspect of the bay route in a report to the chief engineer of the Department of Railways, in 1918, in the course of which he says:

> It has been suggested that the season of navigation on the Hudson bay route is so short that the cost of doing every item of work in the handling and transporting of merchandise is going to be so great that the route is not going to be able to compete with the lake route to Georgian bay and rail to Montreal, and that the necessity of creating an organization for such a short period is a serious factor.
>
> That the season of navigation from Hudson bay is limited to two and one-half months there does not now appear to be much doubt. It is and must be frankly admitted that such a condition would be expected to involve a larger expenditure per unit of traffic than would be the case if navigation were possible during the whole year and the load factor favourable and constant. Unfortunately, however, the load factor in Canadian internal freight traffic is neither favourable nor reasonably constant. For example, an examination of the shipping records on the Great Lakes will disclose the fact that on the average since 1909, over 40 per cent of total quantity of wheat, in fact of all grain, passing through Fort William and Port Arthur eastbound goes forward in two months, namely, in October and November immediately following the harvesting of the crop. The peak load in the grain traffic east is from two or three times the average load, so that during this period from two to three times the average number of cars, train employees, elevator employees, and lake vessels, which would be required to handle this traffic if it flowed uniformly throughout the season of navigation, must be diverted from other channels or called into action from idleness. Conditions on the Hudson bay route would vary from those obtaining on the lake route only in degree and probably not to as great an extent as might at first thought be supposed, especially now that the government controls the Canadian Northern system with its many branches into the heart of the grain belt. The difficulty of bringing a separate organization into existence for the short period of navigation on the Hudson bay will not be any more serious than doubling or trebling the handling equipment normally in use on the prairie; in fact, the labour equipment, et cetera, could prob-

ably be utilized for an extra month in relieving the pressure of traffic to the head of the lakes after the close of navigation on Hudson bay.

The amount of traffic to be handled is another factor. It would be absolutely foolish to consider shipments limited to a million bushels or even two million bushels by this route, and the elevator should handle its capacity five times instead of twice as has been suggested.

He then goes on to figure on the basis of a total cost of $29,000,000, $16,000,000 for the railway and $13,000,000 for the terminal, and he concludes that at least 5,000,000 bushels would require to be handled annually to clear operating expenses and at least 10,000,000 bushels to meet both operating expenses and fixed charges at 3 per cent on the money invested. Is there any man who doubts for a moment, if grain can be transported over this route, that at least 10,000,000 of the many hundreds of millions of bushels of western grain will go that way? And this gentleman's estimate is that 10,000,000 bushels would clear operating expenses and fixed charges at 3 per cent, on a basis of a $29,000,000 investment. His conclusion was that the first of the new crop would not reach Port Nelson until between September 10 and 15, and that shipments made prior to that date would have to be made from the previous year's crop. During the fiscal year 1923-24, 61.7 per cent of Canada's wheat crop was exported, and 38.3 per cent utilized in the domestic field. During the fiscal year 1924-25, 56.1 per cent of Canada's wheat was exported and 43.9 per cent utilized within the country. The application of the 60 per cent ratio to last year's wheat crop would mean a wheat export trade of 246,825,000 bushels. The bulk of this wheat is grown in the prairie provinces, and if, on the Hudson Bay railway and harbour development being brought to the stage where the practicability of the route could be commercially demonstrated, the grain growers of western Canada were to earmark a moderate percentage of their grain crop for export via this route, a long step could be taken toward establishing the feasibility of the project.

Mr. ARMSTRONG (Lambton): The minister has not answered my question. He has dealt with the export end of the subject, but a few minutes ago he made a definite statement to the effect that the government would not attempt to build elevators or do any dredging or assume the responsibility for the performance of these things for the export trade this year.

Mr. DUNNING: The hon. gentleman misunderstood me.

Mr. ARMSTRONG (Lambton): That is to say, under present conditions.

Mr. DUNNING: You misunderstood me completely.

Mr. ARMSTRONG (Lambton): What position does the minister take?

Mr. DUNNING: I did not say we would not do any dredging, and this and that for the export trade. Manifestly such a test as is contemplated could not be made without adequate facilities to permit of the ships coming in and going out, to say the least. And dredging would be necessary before that could take place.

Mr. ARMSTRONG (Lambton): Did not the minister say that he would not commit the government to any expenditure for that sort of work?

Mr. DUNNING: The hon. gentleman misunderstood me. I had better repeat what I said to avoid any misapprehension elsewhere. What I did say was that I could not commit the government to the scale of development—the scale of development, I repeat—upon which the engineer's estimates are based; that is to say, a ten-vessel port development and a 4,000,000 bushel terminal elevator. It is simply a question of scale, that is all. We have yet to find out what it will be necessary to do at the port and in the Nelson channel to carry out the government's intention of trying out the route.

Mr. ROGERS: Does the minister not commit the government to any scale?

Mr. DUNNING: Yes, a sufficient scale to permit of a fair trial being made.

Mr. ROGERS: What does the minister mean by a sufficient scale?

Mr. DUNNING: Perhaps my hon. friend will say what he means?

Mr. BENNETT: What is the date of that memorandum the minister has read?

Mr. DUNNING: 1918.

Mr. BENNETT: It does not take into account the movement of wheat which has since arisen through Vancouver and the Panama canal. That would make a serious difference.

Mr. DUNNING: As Mr. Henry's figures regarding operating costs and overhead would be met by a 10,000,000 bushel movement, I thought it was not important to elaborate the significance of competitive movements.

Mr. MARCIL: In order to have a complete record, will the minister inform the committee how much has been spent so far on the road and on the port respectively?

Mr. DUNNING: The total already spent on both the road and the port is $21,189,000. That is what the country has invested in the project up to the present time. Of that amount $14,944,000 has gone into the railway, and $6,244,000 into the port. That does not include this year's estimate.

Mr. CAMPBELL: How much of the $3,000,000 to be voted will be spent this year in the fixing of lines and so on?

Mr. DUNNING: I am informed by the engineers that reconditioning is a class of work in which progress is difficult. From the commencement of the line at Le Pas to Mile 214, it is possible for a train to travel over the track, but that does not mean that the line is in operating condition, for any number of trains. As a matter of fact a train is now running over the track to Mile 214 twice a month. From Mile 214 to Mile 332, which is 118 miles, no train has run over the track in years. The track is in very bad shape and it is quite difficult accurately to estimate the length of time it would be necessary to straighten out twisted rails, kinks, and all that sort of thing. I can only say that every effort will be made to put on the fullest organization possible to complete before it is too late what I have outlined as this year's programme. The work will be expedited as much as possible. I am hoping to be able to get the whole of the existing track into shape this year, but this is only a hope; I do not state it as a certainty.

Mr. CAMPBELL: Is all the work this year being concentrated on the roadbed, or is anything being done in the way of building stations, putting up tanks, roundhouses, and so on?

Mr. DUNNING: In the $3,000,000 which I am asking parliament to vote there is included the cost of engines, terminals, and other buildings necessary. The work in connection with these properties will go forward as far as possible simultaneously with the conditioning of the track.

Mr. KAISER: The minister speaks of trying out the route. That suggests that there are some doubts. What are they?

Mr. GEARY: When the minister speaks of a test I assume he means a test that will reach out into Hudson bay. Does not the test imply a reconditioning of the 332 miles, the laying of the 92 miles further, and other works in connection with terminal, port, dredging and aids to navigation as well as some elevator capacity and general equipment necessary on both land and sea? If that be the case, could he give some estimate of what this test will cost in capital expenditure?

Mr. DUNNING: I regret I cannot. I gave the committee an absolutely outside figure respecting a ten-vessel port development and all that goes with it, including a four million bushel terminal elevator. With regard to the other features that my hon. friend mentions, what does he mean by equipment?

Mr. GEARY: Rolling stock and whatever else is necessary to operate the road.

Mr. DUNNING: With regard to rolling stock, the road will be operated as it is at present by the Canadian National system.

Mr. BENNETT: That will require additional rolling stock.

Mr. DUNNING: There might be some little argument as to whether any additional rolling stock will be required in order to operate this particular road, because to the extent to which goods travel over it they would not go over some other route. I do not think we need worry very much about rolling stock at this point.

Mr. GEARY: Can I get some sort of estimate of what in the minister's opinion a test will cost in capital expenditure? He has given an outside estimate, by which he does not want the situation to be governed. There must be some estimate in his own mind, or which he can get, of a lower figure than this outside figure which will represent the capital expenditure on the test that he says the government desires to make.

Mr. DUNNING: Mr. Chairman, I think I have gone as far as is reasonably possible along that line; I do not intend to enter the realm of pure speculation. The cost of the capital developments of an outside character I have already indicated. Beyond that it would be pure speculation on my part to go. In fact I do not believe the capital expenditure estimated by the engineer at Nelson will be all necessary to enable a trial to be made. But my hon. friend will surely allow me to make a little closer examination of that during the coming year. I am asking the committee now to put the existing track into shape, and later on I intend to ask the committee for a further sum of

money to complete the railroad and the terminals. By that time I hope to be in a position to say exactly what should be done regarding work on the port.

Mr. BENNETT: I observed in the press three days ago that the Hudson's Bay Company was sending out a new ship of some 4,000 tons, equipped as no other ship of that size has ever been equipped by the company. Might it not be well to secure from the company any special observations they may make this year that would be of benefit to us in making a test?

Mr. DUNNING: I may tell my hon. friend that they have been asked. I was not aware of the particular ship to which my hon. friend refers, but the co-operation of the Hudson's Bay Company we have secured up to now from the point of view of information, and I think we have all their ship records.

Mr. BENNETT: But this is a new type of vessel.

Mr. DUNNING: I am glad of the suggestion, and I will make sure that it is followed up.

Mr. NICHOLSON: Mr. Chairman, a moment ago when the minister gave figures with regard to the necessary expenditure on the railway, I asked him just what he had in mind when he spoke of a sufficient expenditure to make a test that would be reliable, or words to that effect. I also asked the minister whether it was the feasibility of the railway he desired to test—

Mr. DUNNING: There is no doubt about that.

Mr. NICHOLSON: —or whether it was the feasibilty of the entire route. In answering that question the minister discussed the traffic that might be developed along that route without regard to the navigation of the Hudson bay or straits, but he did not touch upon the question of navigation. I should like to ask him now: Does he consider it necessary to spend $6,000,000 or $8,000,000 on putting the railway into shape so that traffic can be carried over it—that is, a skeleton railway, not a railway capable of handling wheat traffic—and provide terminals and elevator equipment in order to determine the navigability of Hudson bay and straits? Surely he is not going to attempt to run locomotives through the bay and straits. It is ships that are required, not railways at all. If it is a question of the navigation of Hudson bay and straits, is it necessary to spend this money on the railroad to make that test so definitely that all doubt as to whether the straits are navigable will be settled? After you have completed the railway and provided the terminals the question must still be dealt with whether the straits are navigable. Will your railway assist in any way to determine that doubt?—an honest doubt that exists in the minds of a great many people.

Mr. HAY: Mr. Chairman, the navigability of the straits was demonstrated over 200 years ago.

Mr. DUNNING: My hon. friend from Springfield (Mr. Hay) says that the navigability of the straits has been proven for over 200 years. I do not want to get into any quibbles on the question of what a test means. Manifestly these straits are navigable: They have been navigated continuously for over 200 years. They were being navigated continuously during the period my hon. friends opposite were in office and taking in the necessary materials and supplies for the harbour development at Nelson. When I spoke of a test I spoke of a commercial test of the route as a route.

Mr. NICHOLSON: Exactly.

Mr. DUNNING: Not as to whether the straits are navigable. We know the straits are navigable; there is not any doubt about that. There is some difference of opinion respecting the period each year during which they are navigable, and the evidence on that varies very widely, but I think all will agree that the Senate committee which investigated the matter a few years ago put the minimum at two and a half months.

An hon. MEMBER: Four months,

Mr. DUNNING: Did the Senate committee say that?

An hon. MEMBER: Yes.

Mr. DUNNING: Our estimates are based upon a minimum of two and a half months. Surely we are reasonably conservative in that regard. I think I have made the point clear: It is a commercial test which is required, a test which cannot be undertaken until you have the railway completed to the bay and can get to tidewater.

Mr. NICHOLSON: Mr. Chairman, the hon. minister suggested I was quibbling in connection with this.

Mr. DUNNING: No.

Mr. NICHOLSON: I am in the judgment of the committee as to that. The minister says that the navigability of the straits has been demonstrated for 200 years.

Mr. HAY: Yes, more.

Mr. NICHOLSON: So has the navigation of Coronation gulf been demonstrated in the same way; but would anyone suggest we should ship our wheat out through the Mackenzie river? The minister came to the point when he said it is a commercial test that is required. The test is: How many trips can a vessel constructed for carrying grain or freight make through the straits in any one season. Do you require to complete the railway to make that test? I say to the minister now that for the expenditure of one-half the money that is now being asked he could make a complete definite test—not something that is based on the experience of a man who worked his way through the icefields one year in July, another year in August. Last July a Hudson's Bay Company ship was crushed to pieces in the straits.

Mr. DUNNING: Is my hon. friend sure of that?

Mr. NICHOLSON: Yes, I am sure of it; I had a personal friend who was on board, and who with his wife was taken off across the ice. I realize that that is no argument, but the point is that you are building a railway there and spending a lot of money. In connection with that part of the railway which taps the country from which local freight may be secured, that is an entirely different question. But when you speak of building a railway to Port Nelson, and building at Port Nelson grain elevators and terminals for ships in order to test the commercial navigability of Hudson straits, you are simply throwing that much money away. The straits must be tested with ships, not with railways; you can put your ships back and forth through these straits and in that way find out whether or not the route is navigable.

Mr. ROGERS: The Hudson Bay railway and its proper construction have been matters of great moment to the people of the prairie provinces for many years. The hopes of those people are centred upon that route as being an outlet through which they may get their wheat and grain to the markets of the world at a very much lower rate than exists to-day. I must say, however, that I am sure the statement of the minister will be read with very great regret by the people of the west. They had their hopes raised even by the minister himself. A short time ago he made several speeches in regard to this matter, and in a speech delivered in Saskatchewan he is reported in the Regina Leader of March 9, 1926, as follows:

Saskatchewan's political importance has become great says Hon. Charles A. Dunning. Tells Liberal women he is no ambassador of sectionalism and goes to the east to assist in developing a real Canadianism.

That was a very splendid declaration, and I congratulate the minister upon it. Later he dealt with the Hudson Bay railway, and this is what he said:

"As for the Hudson Bay railway," Mr. Dunning said, "we've been looking with longing eyes to our nearest sea coast, and in doing so are but following the national trend of thought; from time immemorial people have done that." He went on to say that forty years ago statesmen were promising to build the way to the Bay.

Probably this is what my hon. friend had in mind when he spoke a few moments ago.

Much of the road that has been built needed renovation, and ninety miles of steel were still unlaid. He did not believe the people should spend more money on it than was needed to give it a fair trial, but the fair trial could not be given while the steel was ninety miles from the Bay.

Now, Mr. Chairman, my hon. friend brings in an estimate of $3,000,000 which he claims will be all required to renovate the 332 miles already constructed, and apparently no provision has been made for the extension of the railway to the bay. This is where the disappointment will arise, because my hon. friend gave his pledge to the people of Saskatchewan that this ninety miles of railway would be constructed. The people of the west are tired of being put off with promises in this regard.

As my hon. friend has said, for forty years and more these people have had to live upon promises. The Liberal party was in power for fifteen years; they were promising the railway before they came into office; they were promising it when they went out of office, but they did not construct one mile. In 1911 the Conservative party came into office pledged to the construction of the Hudson Bay railway, and we immediately started to work, building the 332 miles spoken of and grading the line to Nelson. We also did a large amount of work at the terminal. This work would have been completed had it not been for war conditions which prevented.

Mr. DUNNING: My hon. friend is surely aware that work continued until October, 1918.

Mr. ROGERS: Of course; that is what I said.

Mr. DUNNING: And then the war stopped it?

Mr. ROGERS: Yes, the war conditions got worse and stopped it. However, the Conservative party was not in office then; it was the

party of my hon. friend. I am not responsible for conditions under the Union government. These conditions were such, however, that there was some excuse for a delay in the completion of the railway but now, after all the promises that have been made by the Liberals, surely the time has come when they should endeavour to fulfil honestly and honourably some of their pledges. I think even my hon. and smiling friend the Minister of Justice (Mr. Lapointe) will agree that seldom if ever have the Liberal party fulfilled any pledge in regard to the construction of railways in this country. I think it would be very difficult for any hon. member to mention one such pledge properly kept.

However, that is aside from the question and I am not going to introduce anything of that kind into this discussion. As I have already said, the people of the prairie provinces will undoubtedly be very much disappointed, primarily because they look to that route as their natural outlet. The interference with freight rates in the west, which has added to the cost of their transportation, has disappointed them very much. These increases were effected by hon. gentlemen opposite; they have been complained of strongly, and have been the means of urging the claim of the west for the completion of this route. As a representative of the province of Manitoba and western Canada it is my duty to urge in this House by every means within my power such assistance as will tend towards the completion of that undertaking in order that these conditions may be relieved.

I have found since I came to this House that there is a very wrong impression existing in the minds of many members of this parliament in respect to western Canada. First of all, some members think that we are a spoon-fed lot out in western Canada. I would say to my friends in this House that the people of western Canada have been a long-suffering people in the matter of freight rates and transportation costs, which have borne very heavily upon them. We have in the prairie provinces more miles of railway than there are in all the rest of Canada. Further, the net earnings of those miles of railway in western Canada represent greater net earnings by $1,000 per mile than do the railways in eastern Canada. I have some figures here, Mr. Chairman, that go to show the correctness of that statement, and it is not to be wondered at, in view of this fact, that we in western Canada claim that we have a condition in that portion of the country which requires some consideration at the hands of this parliament and at the hands of eastern Canada. We can never hope to grow and prosper save and except as we get better transportation costs. I should like to give a few figures to the committee to make clear how we are discriminated against in western Canada in respect to freight rates.

Take the article of lumber, for instance, which is an item of great interest to the people. Let us compare the freight rate on a shipment of lumber between two points in western Canada and the rate for a similar distance between two points in eastern Canada—and I give these figures only for the purpose of bringing home to your minds the conditions as they exist in western Canada in this connection. Suppose a farmer or any other person wishes to ship a car of lumber from Megantic, Quebec, to Toronto, a distance of 503 miles. He has to pay a rate of 20½ cents per 100 pounds. Now supposing a man in Golden, British Columbia is shipping a car load of lumber to Waldeck in Saskatchewan, a distance of 506 miles. He has to pay a rate of 35½ cents per 100 pounds, or 73 per cent more than the rate the man in Toronto has to pay for a similar distance. The same thing applies if you take a shipment from Megantic, Quebec, to Ingersoll, Ontario, a distance of 596 miles, and compare the rate on that shipment with the rate from Golden, British Columbia to Moose Jaw, Saskatchewan, a distance of 606 miles, or 10 miles more. The farmer in Saskatchewan has to pay 80 per cent more in freight rates on the shipment of that car of lumber than does the farmer at Ingersoll for a shipment over a slightly less distance. Take a shipment from St. John, New Brunswick, to Hamilton, Ontario, a distance of 850 miles, and compare the rate paid there with a shipment from Vancouver to Walsh, Alberta, a distance also of 850 miles. The farmer in Alberta has to pay 83 per cent more freight rates on that shipment than does the man living in Hamilton.

I place these figures before the committee in order that hon. members who do not understand conditions in western Canada as well as they should be expected to understand them will be careful before they make statements in regard to the conditions under which the people of western Canada have been suffering in the matter of transportation costs for a very long time.

Mr. MACLEAN (York): Is there a difference in the operating expenses of the railways in the different parts of Canada mentioned, and if there is a difference, can it be justified?

Mr. ROGERS: I think the expense of transportation in western Canada is no higher to the railways than in eastern Canada.

Mr. MACLEAN (York): Therefore the railways are not acting fairly by western Canada?

Mr. ROGERS: I would not want to say that. I am only giving the rates. The whole difficulty, Mr. Chairman, is that the farmer when he takes his grain to market is unable to get a price which will enable him to conserve the fertility of the soil and properly help him in conducting his work upon the land. He gets a price that not only does not give him a fair living wage, but gives him no return on his investment. Why should the farmers of our prairie provinces be expected to grow grain and exhaust the virgin soil by having to sell their products at a price that will neither enable them to conserve the fertility of the soil nor give them a living wage for themselves and their families. That is the reason why there is this demand upon the part of the people of western Canada for the construction of the Hudson Bay railway.

If we had been treated fairly by the Transcontinental railway or in connection with the Canadian Northern Railway, we would not probably have to make the same claim we are making to-day in connection with the building of the Hudson Bay railway. In the case of the Transcontinental railway, as you all know, parliament pledged this country to build the line for $13,000,000, but here we have been this session grappling with liabilities incidental to that great undertaking which, with interest added, amount to probably $2,500,000,000. That is an enormous figure; we are paying interest on it from year to year, and we are getting no relief whatever from that source. My friends opposite were not satisfied with the building of the Transcontinental line; they wanted to add another transcontinental, and so they extended the Canadian Northern railway from Port Arthur down to Montreal in order to connect with the ports of Montreal and Quebec and provide an outlet for the products of the farm. We looked forward with some hope for years for some good to come out of the arrangements made for the construction of these railways. In fact, when the Canadian Northern in 1911 was given the necessary aid by hon. gentlemen opposite to extend the line to Montreal and so establish another Transcontinental railway, it was on the condition that we would develop our own Canadian ports. But I would ask hon. members of this House to tell me what good the Transcontinental railway or the Canadian Northern Railway have been in the matter of the development of our Canadian ports in the Maritime provinces or in the cities of Quebec or Montreal? The fact is that these difficulties arise by reason of the great cost incident to their construction. In 1911 when the farmers and the people of Saskatchewan went before the railway commission at the city of Regina to protest in the matter of freight rates they were there met by the legal representatives of the Canadian Northern, the Canadian Pacific and the National Transcontinental lines. Mr. C. P. Wilson appeared for the Transcontinental Railway at that time, and what was his defence on that occasion? It was in effect that in view of the heavy cost of the construction of their line it would be impossible for them to make any reduction in the freight rates and meet the fixed charges on the road. This, no doubt, is the true state of affairs. That is why we have this continual agitation for another outlet such as the Minister of Railways has described to Hudson bay.

Progress reported.

At six o'clock the House took recess.

[Mr. Rogers.]

After Recess

The House resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 113, respecting the Bronson Company.—Mr. McClenaghan.

Bill No. 117, for the relief of Mabel Ellen Barrett.—Mr. Simpson.

Bill No. 118, for the relief of Mabel Victoria Westerby.—Mr. McClenaghan.

Bill No. 119, for the relief of Morgan Hart.—Mr. McClenaghan.

Bill No. 120, for the relief of James Arthur Breadon.—Mr. Duff.

Bill No. 121, for the relief of Marjorie Esther Splan.—Mr. McClenaghan.

Bill No. 122, for the relief of Gladys Orme.—Mr. Duff.

Bill No. 123, for the relief of John Andrew Reid.—Mr. McClenaghan.

Bill No. 124, for the relief of William Thomas Charlton Spence.—Mr. McLenaghan.

Bill No. 125, for the relief of Gladys Lucie White.—Mr. McClenaghan.

Bill No. 126, for the relief of Robert Stewart McIntyre.—Mr. Duff.

Bill No. 127, for the relief of Goldie Luella Russell.—Mr. Mewburn.

Bill No. 128, for the relief of Arthur Atkinson.—Mr. Anderson (Toronto).

Bill No. 129, for the relief of Lillian Edith Hudgin.—Mr. Stevens.

Bill No. 130, for the relief of Mary Booth.—Mr. Anderson (Toronto).

Bill No. 131, for the relief of Bernard Ernest Sleeth.—Mr. Boys.

Bill No. 132, for the relief of Elsie Fray.—Mr. Geary.

Bill No. 133, for the relief of Cecilia Marrie Peters Kendall.—Mr. Bell (St. Antoine).

Bill No. 134, for the relief of Elias Malky.—Mr. McClenaghan.

Bill No. 135, for the relief of Ethel Beatrice Walker.—Mr. Bell (Hamilton).

Bill No. 136, for the relief of George Elgie Dulyea.—Mr. Casselman.

Bill No. 137, for the relief of John Wilson.—Mr. Church.

Bill No. 138, for the relief of John Sydney Wright.—Mr. McClenaghan.

Bill No. 139, for the relief of Lillie Torrance Cascadden.—Mr. Kay.

Bill No. 140, for the relief of James Thomas Young.—Mr. Church.

Bill No. 141, for the relief of Copland William Evans.—Mr. Hocken.

Bill No. 142, for the relief of Arthur John Harman.—Mr. Anderson (Toronto).

Bill No. 143, for the relief of Annie Rebecca Herbert.—Mr. Geary.

Bill No. 144, for the relief of David Joseph Potter.—Mr. Stinson.

Bill No. 145, for the relief of Walter Harold Bingley.—Mr. Garland (Carleton).

Bill No. 146, for the relief of Ethel Harriett Little.—Mr. Tummon.

SECOND READINGS

Bill No. 155, respecting Dominion Electric Protection Company.—Mr. Marcil.

Bill No. 156, for the relief of Samuel Wexler.—Mr. McClenaghan.

Bill No. 157, for the relief of Samuel Lehman Stouffer.—Mr. McClenaghan.

Bill No. 158, for the relief of Robert Douglas Ian McLeod.—Sir Henry Drayton.

Bill No. 159, for the relief of Mary Margaret McColgan Vinette Graydon.—Mr. Hocken.

Bill No. 160, for the relief of Alexander Charles Boyd.—Mr. Ladner.

Bill No. 161, for the relief of Charles Day.—Mr. Baker.

Bill No. 162, for the relief of Albert Wilson Denning.—Mr. Lennox.

Bill No. 163, for the relief of Margaret Lambert.—Mr. McClenaghan.

Bill No. 164, for the relief of Jessie Patterson.—Mr. Bell (Hamilton).

Bill No. 165, for the relief of Ernest Ashton.—Sir Henry Drayton.

Bill No. 166, for the relief of Evelyn Christine Stewart.—Mr. Maclean (York).

Bill No. 167, for the relief of Ernest Love.—Mr. Speakman.

Bill No. 168, for the relief of Charles Stanley Reed Riches.—Mr. McClenaghan.

Bill No. 169, for the relief of Mona Aileen Davies.—Mr. Ryckman.

Bill No. 170, for the relief of Elizabeth Wright.—Mr. McClenaghan.

BUSINESS OF THE HOUSE

DIVORCE LEGISLATION

Mr. W. F. MACLEAN (South York): Mr. Speaker, I rise to protest against the time of this House, when we are engaged in an important debate near the close of the session, being taken up with these divorce bills. There ought to be some court in this country to try these cases. This parliament is not the place to try them, and it is an insult to parliament to have them tried here. I think it only needs someone to make a protest to have this nuisance stopped, and I appeal to the Prime Minister. The premiers of the different provinces are meeting here to-day, and he might get into consultation with them to try and put an end to this nuisance. But if we have got to stand it, surely we could simplify the process of treating these cases. If they have to be dealt with here, why should not the Senate make one report to the Commons covering all the divorce cases heard in the upper house, so that only one motion would be necessary here? I make that suggestion. I notice that forty-eight divorce bills have gone through to-night, twenty for the relief of women and twenty-eight for the relief of men. It seems they are pretty equally divided, and while I am going to draw no inference from that, I do say that it is high time, Mr. Speaker, that this nuisance should end. There are men in this House who, for religious reasons, do not wish to vote on these motions, but they have to do it. I close simply by saying to the Prime Minister, to the government and to hon. members that it is high time that the trying of divorce cases in the House of Commons and the Senate of Canada should stop.

Mr. SPEAKER: Of course, according to the rules of procedure I have to put the motions for the different stages of these bills. I cannot avoid doing that. I cannot divorce my own personal views from the rules of procedure.

SUPPLY

The House in committee of Supply, Mr. Duff in the chair.

Hudson Bay Railway: Construction and betterment, $3,000,000.

Mr. ROGERS: When the House rose at six o'clock I had just quoted a statement made by Mr. Wilson, representing the Na-

cional Railways, then the Transcontinental railway, before the railway commission sitting in the city of Regina, in which he pointed out that it was impossible for that company to reduce freight rates owing to the cost of construction of that railway. I want now to quote from Mr. Phippen, who represented the Canadian Northern Railway, as to why it was necessary to have such low rates in western Canada. Mr. Phippen said:

> We have the fact that owing to special circumstances created by the action of the government of the province of Manitoba, the rates from the head of the Lakes to Winnipeg are lowered to a standard which we would not expect to find if these rates were governed by normal conditions, in so far as they affected that district.

Then Sir J. A. M. Aikins, representing the Canadian Pacific Railway, pointed out then position in the following language:

> So far as the Canadian Pacific Railway is concerned, the company takes this position, that by virtue of the reductions that were forced upon the Northern Pacific and Manitoba Railway, and subsequently upon the Canadian Northern Railway, the conditions in Manitoba were such as to make it highly competitive for the Canadian Pacific Railway. The Canadian Pacific Railway was not a party to that agreement, but by virtue of the reduction of tolls through these statutory agreements the conditions were such that they became highly competitive and the Canadian Pacific Railway was compelled to meet these competitive conditions.

That accounts for the rate reduction which we had in Manitoba, in Saskatchewan, and in Alberta, at that particular time, because, as hon. members from the west at all events will know, by reason of an agreement reached with the Canadian Pacific Railway the reduction was extended in 1903, under the Manitoba contract, to the then Northwest Territories. that reduction being two cents per one hundred pounds on grain from all stations in that great territory. That reduction continued in force and effect for over eighteen years until it was interfered with by hon. gentlemen opposite in 1922. So that when certain hon. members of this House undertake to tell this parliament that the rate charged to the farmers of western Canada from 1903 to 1922 was the Crowsnest pass rate, they make a statement that is not in accordance with the facts, because during that long period of time not one pound of freight was carried in all the provinces of western Canada at the Crowsnest rate. It was all carried on rates fixed by contract made with the government of Manitoba.

Mr. DUNNING: If my hon. friend will permit me, I do not desire to be guilty of discourtesy towards him, but I do wish to point out in regard to the discussion from this point on, that if we are to enter into a general discussion of freight rates, it will scarcely be in order on the motion which is now before the committee. There is a certain relationship, of course, between the prospective cost of moving freight via the Hudson Bay railway and the existing cost. While I do not want to interrupt my hon. friend, I think it would be very unfortunate if the debate on the Hudson Bay railway vote developed into a general discussion in relation to rates on existing lines. I merely make that suggestion without raising the point of order, but in the interest of keeping to the point.

Mr. ROGERS: The rates in western Canada are all related to the proposals in respect to the Hudson Bay railway. I quite realize that I may not be privileged to go into the details of rates outside, but the committee is really considering the railway estimates in general, with particular reference to the Hudson Bay railway vote. If my hon. friend objects, however, I shall have to submit. In that event I promise my hon. friend I will take advantage of another opportunity to deal with this matter and may then occupy a great deal more time than if I were allowed to finish my statement to-night, which I would do in a comparatively short time.

Mr. DUNNING: I have no intention of stopping my hon. friend.

Mr. ROGERS: If the minister persists in these technical objections I will have to submit, but I promise him that I will devote some attention to the matter at a later date

Mr. DUNNING: May I say that I did not raise the point of order? We have listened to such speeches already this session have we not?

Mr. ROGERS: My hon. friend has not listened to any speech of mine. That is a very unfair statement on his part, much more so than anything I should expect from him. The minister will find that he will have lots to do to take care of himself without endeavouring to speak for anybody else. If I am to be confined strictly to the rule I wish to say this: The present proposal in regard to the Hudson Bay railway is not of the character that was pledged by my hon. friend, by the Prime Minister and by the government, not only in the Speech from the Throne but in ministerial speeches made elsewhere. All that is proposed here is a vote of $3,000,000 in respect of that line. Now what was the position of the Minister of Railways when

he spoke on this project in Regina on March 17th? This is what he said on that occasion:

Mr. Dunning said that "Bob" Rogers had been flapping his wings and was somewhat concerned as to what his, Mr. Dunning's, attitude was.

That is in respect to the Hudson Bay railway.

"Mr. Rogers had said that the opposition in the Saskatchewan legislature had moved an amendment to the Hudson Bay resolution and lost out and that man Dunning would bear watching." Mr. Dunning then told the story of the attempts of the opposition in Saskatchewan a few months ago in connection with this resolution.

Then he goes on to say:

My attitude on the Hudson Bay railway is very simple. It is my job from now on to build it and I am going to do it. The job has got to be done.

Mr. DUNNING: Hear, hear.

Mr. ROGERS: And yet the hon. gentleman comes down to-night with a proposition that does not provide for the building of one mile of that railway. That is how he intends to fulfil his pledge. Still that is in harmony with the record of the Liberal party throughout the whole history of this Dominion. I challenge hon. gentlemen opposite to name any occasion when they have honourably and honestly fulfilled any railway contract they have ever made. If they had done so we would not be discussing the Hudson bay project to-night, and we would not be suffering, as we are suffering in western Canada, on account of the lack of fair treatment in the matter of railway legislation on the part of the Liberal government. We are forced to look for relief in some quarter, but we shall not get it from the legislation which hon. gentlemen opposite are proposing in connection with the Hudson Bay railway.

Now let me make one more point and I shall have done. In the Speech from the Throne, placed in the hands of His Excellency by the government, I find the following:

My government propose to submit provisions for the completion forthwith of the Hudson Bay railway.

What provision do they submit to-night? They submit a proposal to repair a portion of the line that is already built. In my opinion that line could do all the
9 p.m. business it was required to do without very much repair. I take it the present vote of $3,000,000 is only an attempt to fulfil a promise made to a certain group in this parliament and to the people of western Canada. It is not proposed to build a single mile of railway in fulfilment of the pledge contained in the Speech from the Throne. Yet the people of this country, and of western Canada in particular, are expected to believe the statements being made by the Minister of Railways in this matter. Is it any wonder that we are excited in western Canada when we view the disappearance of the last hope we had of getting relief in the matter of railway freight rates? Is it any wonder that we feel this way in view of what has occurred in this House to-night? I fancy that some people in the west will not be surprised at what has occurred, but a great many of them will be when they find out that once again their hopes have been dashed to the ground, that once again the Liberal party have failed them. The Liberal party were very strong in their pledge when parliament opened to construct this railway forthwith. That was when they were appealing to certain quarters of the House for support, support which they expected to receive and which they have enjoyed throughout the session. Now when the session is about to close they simply bring in a vote to repair the Hudson Bay line and they state that the work is going to cost $3,000,000 when it could be done for two hundred thousand or three or four hundred thousand dollars at the most. That is the situation with which we are faced to-night. I appeal to the sense of honour of every member of this House no matter where he sits. I ask every member from the west to consider what position he will place himself in and what his constituents will think of him when such a proposition is made in view of the pledge broadcast through the country that the Hudson Bay railway would be completed forthwith? I ask every hon. member from western Canada what they think of the deception which has been practised on parliament and the country by the government of the day in regard to the construction of this line? That is all I have to say for the present but I promise you, Mr. Chairman, that I will take an early opportunity of dealing with the general record of the Liberal party to the satisfaction, I hope, of the House and the people seeing that I am denied the privilege of doing so to-night.

Mr. DUNNING: I have just a few remarks to make with reference to the speech of the hon. member for South Winnipeg. I do not intend to say much on the political aspect of the matter. Apparently we on this side of the House are to be placed in this position: We are to be attacked by hon. members along the line just adopted by the hon. member for South Winnipeg (Mr. Rogers) for not putting enough money into the estimates for the Hudson Bay railway and we are at the same time to be attacked by other hon. gentlemen opposite, some of whom have already given an indication of their sentiments in that regard, for putting

anything at all into the estimates for the Hudson Bay railway. The hon. member for South Winnipeg assured us this afternoon that a wave of great regret would go over western Canada at the news that there was $3,000,000 to be used on the Hudson Bay railway. I think I am as intimately acquainted with the people of western Canada as is my hon. friend. They are people of plain common sense and they know that you cannot build 92 miles of new railway on the end of an old one if you cannot get over the old one to the place where you want to start construction.

My hon. friend well knows that the present bi-monthly operation is only from Le Pas to mile 214; that the travel even for those 214 miles is not very safe and certainly would not be safe if the traffic were heavier. He knows perfectly well also that from mile 214 to mile 333 there has not been a train over the road for a number of years and that a train cannot pass over it. I have sufficient regard for the common sense of the people of western Canada to know that they will realize that until at least that stretch of 118 miles is put into shape it would be impossible to proceed to lay rails on the balance of the 92 miles.

During the period when the Conservative government and the Union government were building the Hudson Bay Railway there never was a year when they spent more than $3,250,000 on that railroad; they found it impossible even at full blast to expend more than $3.250,000 in one year. I am asking parliament for authority to spend $3,000,000 this year, and the work is already proceeding on the basis of the interim supply that is granted. A large part of this $3,000,000, as I indicated this afternoon, is required for the purpose of providing engine terminal facilities at the various divisional points along the existing road. My hon. friends opposite, when they built the railroad, made no provision for engine terminal facilities, for stations, for water tanks, for the necessary paraphernalia of operating a road. We intend to supply that deficiency. We do not think it is practical to try to operate 500 miles of railroad without the necessary railway engine terminal facilities and other things of that kind. The money is required for that purpose. What my hon. friend virtually proposes is this, that by some means unknown to mechanical science we should start at the end of the present steel and rush the work into Nelson regardless of the fact that trains could not travel over the existing steel in order to reach the new work. I would personally have been willing to put into the estimates a larger sum, a sum sufficient to complete the 92 miles, were it not for the fact that it would be deceiving the people of Canada to say to them that it would be possible in one year to put the existing track into shape and at the same time to construct the additional 92 miles required. My hon. friend knows that just as well as I do.

I want to put on Hansard a little history in connection with this question in order that we may all be clear in regard to it. In 1886 the Dominion Lands Act provided for a grant of 6,400 acres for every mile of such railway in Manitoba and 12,800 acres for every mile of the railway beyond the boundary of Manitoba to the bay. In 1906 the construction of the branch from Hudson Bay junction to the Saskatchewan river was commenced by Messrs. Mackenzie and Mann. In 1907 the sale of pre-emptions was authorized by an amendment of the Dominion Lands Act to provide funds for the construction of a publicly-owned railroad to the bay. In 1908 the Canadian Northern was completed to Le Pas. Le Pas being the starting point of the Hudson Bay railway. The provisions for land grants to private railway companies were repealed in that year. The restriction of the pre-emption area was provided by legislation, together with a definite announcement that the sale of pre-emptions and purchased homesteads in the restricted area was to provide funds to enable the country to construct, or to pledge the credit of the country to construct, a railroad to Hudson bay. On the 6th September, 1910, the first sod of the substructure of the bridge across the Saskatchewan river at Le Pas was turned by the Minister of Railways, the Hon. Mr. Graham. In August, 1911, the contract for the first section of the Hudson Bay railway was let by the Laurier government.

Mr. ROGERS: That was a month before the election.

Mr. SUTHERLAND (South Oxford): When was the contract signed?

Mr. DUNNING: I have not the information with me—

Mr. SUTHERLAND (South Oxford): Two days after the defeat of the Liberal government they signed the contract.

Mr. DUNNING: The contract for the first section was signed by the Hon. Mr. Graham immediately after the election and before the Laurier government went out of power.

Mr. SUTHERLAND (South Oxford): After they were defeated.

Mr. DUNNING: The contract for the second section was let by the Borden government in 1912.

Mr. MANION: How much was the first section?

Mr. CAHAN: A contract of 185 miles.

Mr. DUNNING: I think that is right. In August, 1912, Port Nelson and Fort Churchill were visited by the then Minister of Railways, the late Hon. Frank Cochrane, and Port Nelson was selected as the terminus of the Hudson Bay railway. In December, 1912, the contract was let for the final section of the railway. In 1913 work was actively in progress on the terminals at Nelson. In the autumn of 1917 the work on the harbour terminals was closed down. In March, 1918, the pre-emption and homestead provisions of the Dominion Lands Act were suspended by order in council and subsequently deleted from the act by the amendment of 1918, chapter 19, section 28. In October, 1918, work on the railway was suspended with tracks laid to mile 332 including the bridge over the Nelson river, and the road was then turned over to the Canadian Northern board for operation. I mentioned that the most that was ever expended on railway construction in any one year during the whole period of construction was $3,256,000.

Some questions were raised this afternoon by the hon. member for East Algoma (Mr. Nicholson) regarding the practicability of the route. I offer as evidence in that connection the report of the Senate committee of 1920. I do not think it can be said that the committee in question was geographically packed in favour of the west. It consisted of six Conservatives and five Liberals, the names of the gentlemen being as follows: Senator Fowler, New Brunskick, Chairman; Senator Daniel, New Brunswick; Senator Lougheed, Alberta; Senator Michener, Alberta; Senator Schaffner, Manitoba; Senator Willoughby, Saskatchewan; Senator Bostock, British Columbia; Senator Casgrain, Quebec; Senator Dandurand, Quebec; Senator De Veber, Alberta and Senator Watson, Manitoba. There was only one member from Saskatchewan, and there were two from Manitoba, three from Alberta, one from British Columbia, two from Quebec and two from New Brunswick. Neither British Columbia nor Quebec nor New Brunswick could be regarded as partial to the Hudson Bay project and I believe the attitude of Alberta even at that date might be described as strictly judicial. The committee made a unanimous report to which I would refer the hon. gentleman for an answer. This was one of its findings:

> Your committee makes the following findings:
> (1) That the Hudson Bay route is feasible and will probably in time be profitable.

A committee such as this and appointed by such a body surely could not be accused of being wildly visionary or radical; surely it would weigh carefully all the evidence submitted, extracts from which may be found in the pages of the report. It is of course impossible to estimate the cost of such a project as this as accurately as one could in planning a branch line in known territory. There are many unknown or little known factors in this case, but it is worthy of note that a committee appointed by the Senate of Canada as recently as 1920 should reach unanimously, on a question of this nature, such a report as has been submitted.

Mr. McGIBBON: Will the minister read the third finding.

Mr. DUNNING: I will read them all.

Mr. CAHAN: Read the whole report.

Mr. DUNNING: The report itself covers three or four pages and most of it would not be to the liking of my hon. friend from St. Lawrence-St. George (Mr. Cahan).

Mr. CAHAN: I have read it.

Mr. DUNNING: These are the findings of the committee:

> Your committee makes the following findings upon the evidence adduced before them:
> (1) That the Hudson Bay route is feasible and will probably in time be profitable.
> (2) That the season of navigation under present conditions is at least four months in length and may by reason of improvements in aids to navigation be considerably increased.

I here call the attention of hon. gentlemen to the fact that this afternoon I presented figures based only on two and a half months of navigation.

> (3) That in the opinion of this committee sufficient care was not taken in the selection of Nelson as the terminus of the railway, and that the government should not make further important expenditures upon this port without first making a new and thorough examination into the relative merits of Churchill and Nelson as a terminus for the railroad.
> (4) That the waters of the strait and rivers tributary to the bay teem with fish and valuable marine animals, and we believe that the bay is equally well stocked but there has not yet been sufficient data collected as to the extent of the fisheries of the bay to enable an authoritative statement to be made as to their value.
> (5) That the mines already discovered in the Hudson Bay district are of sufficient number and richness to indicate the existence of great potential mineral wealth.
> (6) Your committee feel that they cannot too strongly endorse the valuable suggestion of Mr.

Stefansson as to the cultivation of reindeer and musk-ox, and would urge upon the government that the Department of the Interior be empowered to take hold of this matter, earnestly taking advantage of what has been done in this regard by the United States government.

Then they go on to make a reference to the explorations of Mr. Stefansson which of course is a matter that is not vital to the subject we are now discussing.

The province of Ontario has always displayed an interest in development in that part of the country and has been most anxious to secure rail communication with Hudson bay. When Nelson was selected as the terminus of the railway, arrangements were made to provide access to that point for the Temiskaming and Northern Ontario Railway. Several years ago Ontario commenced the extension of the Temiskaming and Northern Ontario Railway northerly from Cochrane in the direction of Moose Foctory on James Bay, and I am informed that about one-third of this extension has been completed and is in operation. It is interesting to study the experience of the Temiskaming and Northern Ontario Railway inasmuch as it has provided a spectacular instance of the benefits which sometimes result from the construction of railways having for their object the development of latent natural resources—resources of the type to which I made reference this afternoon when discussing the possibilities of local traffic on the Hudson bay line. The Temiskaming and Northern Ontario Railway was originally projected to open to settlement the agricultural clay belt of the Temiskaming district. Before the good land was reached the construction of the railway revealed the rich silver deposits at Cobalt, while the more northerly construction made possible the development of the gold areas of the Porcupine; and several branch lines were found necessary to tap the considerable mining fields which were discovered. I have here a great deal of information which I may sum up in this statement: Including nickel and copper from the Sudbury area as a result of the construction of the Canadian Pacific Railway, there has been produced in the area served by the Temiskaming and Northern Ontario Railway, and in the Sudbury area as well, a total mineral wealth of more than $800,000,000 up to the end of 1925. And these figures do not take into consideration the development since the construction of the railway of the forest products taken out of that territory nor of agricultural development. The same general mineral formation in which valuable deposits have been found along the Temiskaming and Northern Ontario Railway extends northwestwardly through the new Red lake mineral field about which we have heard much in the House recently, and on up to Herb lake and the Flin Flon area on the Hudson bay road. We have reason to hope that considerable and very valuable mineral traffic may develop on the Hudson Bay railway. As I shall probably have to make a number of speeches on different phases of the subject as various members advance their ideas, I do not think I need say anything further at the moment.

Mr. HANNESSON: Is this $3,000,000 estimate based upon any report available to the House, showing the present condition of the railway?

Mr. DUNNING: There is no such report available. The officers of the Canadian National Railway, who submitted this estimate, are at present in charge of the road, and consequently have had an opportunity of studying in detail such reports as are submitted by the men on the ground. I have consulted with these men. I may tell my hon. friend frankly that I desired, quite naturally, that if possible money should be spent beyond the end of the present steel; that was my wish. But the engineers and the operating officers of the Canadian National Railways convinced me that we should be proceeding much more wisely if we decided to put the existing road into shape rather than run the risk of subjecting it to more traffic than now passes over the road, with resultant wrecks. The cost of one wreck as a result of a faulty track would provide for quite a little work in the way of reconditioning the road.

Mr. HANNESSON: There is no report available?

Mr. DUNNING: No. I have read, of course, from the reports of the officers.

Mr. MULLINS: Mr. Chairman, this is a question I have been vitally interested in for a great many years, and I have given it much thought and study. I happen to be one of those now in the House who was present at a political meeting thirty-eight years ago when this question was brought before the electors of Winnipeg. We were then told we were going to have this railway. We had a telegram dangled before us that the steel was on the way. It has been on the way ever since. I want to see this railway finished. The hon. Minister of Railways has placed in the estimates a certain sum to repair the Hudson Bay railway. From my seat in this House I want to say that the railway does require repairs. I have travelled over it to mile 184, and I know its condition. But in my opinion

he has allowed not only sufficient money to repair that piece of road but to continue the steel a long way towards Port Nelson.

A great deal is being said, Mr. Chairman, about which port we should go to; the question is raised whether we should go to Port Nelson or Fort Churchill. For my part, I say let us finish the road to Port Nelson, and finish it quickly. The Minister of Railways has covered the points that I had intended to deal with in that he has quoted from the report of the Senate committee on the Hudson Bay route, and therefore I shall not deal with the matter at any length. But I want to ask the minister, does the Hudson Bay railway get credit for the ties and the rails that were removed and used on the Canadian National?

Mr. DUNNING: Yes, for every dollar.

Mr. MULLINS: And for the supplies that were sold to the Hudson's Bay Company's factor?

Mr. DUNNING: That is all credited.

Mr. MULLINS: I thank you. I received a letter from The Pas stating that small ties were being placed upon the main line. In that regard I want to make an apology to the Minister of Railways, for I find those ties were being used for sidings and not for the main line, although some of them were spread along the main line. Those little six-inch ties were not suitable for the main line.

I am sorry a number of my Conservative friends seem to have doubts as to the feasibility of this route. I have no doubts whatever; I have confidence in the navigability of the straits. The completion of that road will give us in central Canada a port within easy reach. Geographically situated as we are in the west, it will be a relief to us to get this means of transportation. That is what we are clamouring for, and the tariff and other issues that we have been talking about sink into insignificance alongside the transportation question for the man who is on the land in western Canada. So I appeal to my fellow-members to be fair to western Canada. Don't be too drastic in your ideas. You got $153,000,000 for canals in eastern Canada.

An hon. MEMBER: For the west.

Mr. MULLINS: I have the estimates here, and I notice the total at the bottom is $153,167,000. You sold a quantity of land of ours and have the money on hand, and we ask you to complete the railway, for even if the straits were never navigable—of course, I contend that they are navigable—this railway will pay for itself out of the local freight. I know that country from personal experience. It is rich in minerals, it is rich in agriculture right through to Nelson, and the bay is rich in fish. It is a wonderful piece of country, and I ask doubting Thomases to change their minds and let the road be completed instead of throwing barriers in the way.

I want to make an explanation, Mr. Chairman. I am speaking not from my seat to-night because I want the Manitoba Free Press to know that I was here when this question came up. For some reason or other they stated I was not present on the former occasion—Friday—when this question was discussed. The hon. Minister of Railways knows I was here.

Mr. DUNNING: You were here.

Mr. MULLINS: The hon. Deputy Speaker knows I was present; but it was published in western Canada that I was absent. I have travelled since eight o'clock this morning over several branch lines of railway in order to be present for fear that the question would come up to-night. I do not want to talk cattle any more, but I want to say, Mr. Chairman, there is no route so well adapted for getting the live stock of western Canada overseas as the Hudson Bay route. It is a cool route. The ships will be nice and cool.

Some hon. MEMBERS: Oh, oh.

Mr. MULLINS: Not too cool, because up at Hudson bay the season is further advanced at the present time than it is here. While we had snowbanks in front of these buildings piled mountain high, there was balmy weather at Hudson bay. I have Hansard here away back for the last thirty years, and I find during that time every party that came into power promised to build a piece of that railway. The project has been dangling in front of us ever since. I am tired of these delays. Let us build the road, and build it quickly. Give us a chance to demonstrate to you that what was said at the time the Canadian Pacific railway was projected, that all the land west of lake Superior was only a frozen, barren wilderness, is just as misleading when applied to the country which this railway will serve. Whenever in the pursuit of my business I have crossed the Atlantic I have met old sailors and asked them where they have been, they have told me they were up in the Hudson bay, and they have always added that they would rather navigate the Hudson Bay straits than the straits of Belle Isle. There are more icebergs in the straits of Belle Isle than in the Hudson Bay straits. If anything like the

Titanic disaster had happened there the Hudson Bay route would be condemned. The island of Anticosti is dotted so thickly with wrecks that you can hardly stick a pin in the map without touching the scene of one. I have had cattle ships wrecked on that island. I know the Hudson Bay route is not anything like that. I feel absolutely satisfied that the completion of the Hudson Bay railway and the opening up of this route will give western Canada redress in the way of transportation. It is hard on live stock to rail them all the way from western Canada to Montreal or the Atlantic seaboard. That is what takes it out of them; the ship does not. By the opening of this route we will be close to a port and will be able to get our live stock abroad ship without a long rail haul, and the animals will reach the other side in much better condition. Once more, Mr. Chairman, I ask hon. members to let us have this road put into shape as quickly as possible.

Mr. NICHOLSON: Mr. Chairman, the hon. Minister of Railways, in answering a question that I addressed to him before adjournment at six o'clock, read some extracts from the report of the Senate committee in 1920 in regard to the feasibility of the Hudson Bay route. I think he knew quite well that in my question I was not discussing the feasibility of the route at all. The minister himself in making his preliminary statement said that his purpose was to spend a sufficient amount of money to test the route thoroughly. If the minister and the government are satisfied, on the basis of the Senate report of 1920, that the route is commercially feasible why is it necessary to make any further tests? Why not start now and tell parliament and the Canadian people exactly what they intend to do to make this route feasible for the transportation of the grain crops and freight traffic of the west; why is it necessary to spend money in testing a route which the minister now says, basing his conclusions on the report of the Senate committee of 1920, has already been disclosed as commercially feasible?

In 1925 the Department of the Interior issued a bulletin in relation to this very route. May I at this point, Mr. Chairman, say that I am not opposing the Hudson Bay route at all. I am not taking the position that this is not a commercial possibility as a freight route, but I do say that no attempt has ever been made to test the Hudson bay as a freight route for commercial ships. All that has been done is to take the reports of captains who have made one trip a year in and out, and sometimes they have not been able to make that trip. These records of ice conditions have been taken and conclusions based thereon. But there is a way by which this route can be effectively tested. If the minister would spend one-half this amount of money in getting one or two ships of about 8,000 tons, properly reinforced as the engineers have recommended and in ballast if you will, in service between a St. Lawrence or Newfoundland port and Port Nelson, to see how many times they can navigate Hudson straits in one, two or three seasons, the possibility of the route would be definitely determined. Then there would be some justification for this plan by which Canada is going to be put an expenditure which will amount to $40,000,000 or $50,000,000 if the whole scheme is carried out.

Mr. MULLINS: Mr. Fitzgerald of the Hudson's Bay Company demonstrated 250 years ago that the route was navigable. There is no use going to an expense of that kind at all.

Mr. NICHOLSON: My hon. friend states what Mr. Fitzgerald did 250 years ago. I did not know Mr. Fitzgerald, so I cannot say whether or not he navigated the straits then. But the Department of the Interior of this government prepared and circulated a report last year with regard to the Hudson Bay route, and in that report they published the statement of Engineer McLachlan, who spent five years on that work. Surely if anyone knows the conditions obtaining there this man, who is recognized as one of our greatest engineers, should have that knowledge.

Mr. HANNESSON: Is it not a fact that Mr. McLachlan only made one trip by water?

Mr. NICHOLSON: I do not know how many trips Mr. McLachlan made by water; he was the engineer in charge and lived right at the works, and I have here his report dated September 17, 1917, addressed to Chief Engineer Bowden:

> Many a time during the past four years I have been on the verge of coming out in absolute condemnation of the undertaking on which I am engaged, but so long as I thought there was a chance of the Hudson Bay railway ever proving of value for any national purpose, I thought that I had better not do so, especially as I know that you have always been one of its staunchest supporters. In the light of the ice conditions of this year, which I observed carefully on August 13, 29 and September 6, in the entrance to Port Nelson and the operation of our ships to and from Port Nelson for the past five seasons, I have come to the conclusion that the season for tramp steamships on this route is going to be so short that the cost of doing every item of work in the handling and transporting of

merchandise is going to be so great that the route is not going to be able to compete with the lake route to Georgian bay and rail to Montreal.

Port Nelson was this year blocked with ice on August 29, and there was still ice around the harbour entrance on September 6, proof of which I enclose.

Later Mr. McLachlan goes on to say:

The extreme season will count in a commercial route. I also feel that we cannot extend the latter end of the season beyond the date on which our ships have been leaving in recent years.

Then referring to the possibilities of the Hudson Bay railway in colonization or in developing the country, and leaving aside for the moment the question of the navigability of the Hudson bay and straits as a commercial route to Europe, Mr. McLachlan has this to say:

There is nothing for the Hudson bay north of the Huronian rock outcrops south of Split lake.

Mr. GARDINER: Is the hon. member quoting from a report prepared by Engineer McLachlan?

Mr. NICHOLSON: Yes, I have just read extracts from the report of this gentleman.

Mr. GARDINER: Is this the Mr. McLachlan who bought a million dollar sand-sucking dredge for the purpose of removing hardpan?

Mr. NICHOLSON: I do not know anything about the dredges Mr. McLachlan bought, but I do know that just a day or so ago the Minister of Railways, in reporting to this House that a board of engineers had been employed by this government to make surveys of the St. Lawrence route, told us that Mr. McLachlan,—this very same Mr. McLachlan—as one of the most outstanding engineers on this continent, had been made chairman of that board. I do not know Mr. McLachlan; I am simply submitting his report, but I do know he was in that country for five years.

Mr. DUNNING: May I ask a question? Why does the hon. member quote that one report of Mr. McLachlan's, and why does he make no reference at all to the evidence given by this gentleman in 1920 before the Senate committee? Why is no reference made to Mr. McLachlan's further report of 1922? He had had four years more experience then.

Mr. NICHOLSON: Let me answer that question with another. Was Mr. McLachlan in there between 1920 and 1925?

Mr. DUNNING: Mr. McLachlan came out in 1920.

Mr. NICHOLSON: In 1917 Mr. McLachlan makes this statement based on four years' experience at Port Nelson. I have read every single word of the contradictory evidence included in that Senate report; I have read everything I could get dealing with this question, but there is no consistent evidence anywhere to show that the Hudson straits can be navigated commercially. I am not going to say they cannot be navigated because I do not know, but before this country is committed to an expenditure of this character we should take the only means possible to find out; we should put these ships on that route and let them navigate the straits themselves. Spending money on a railway to Port Nelson and spending money on terminals and elevators will not prove anything in relation to that route. If the Hudson straits are navigable and if that route can be made available commercially there is no man in Canada who will not hold up both hands for the completion of that route and its development as a link between western Canada and Europe.

Coming to the appeal that is being made to members of this House to deal generously with western Canada because of their freight rate condition, because of what it costs to get the products of the west to the markets of the world, what is it that has intensified that condition? What it is more than anything else that has created the transportation difficulties that we have in this country? It is just because parliament has allowed itself in times past to be stampeded into projects of this character—a transcontinental, then a second transcontinental, and all that kind of thing—without adequate information as to what any one of these projects really means, with the result that we have a capital charge that our transportation business must take care of, and which is bearing it down, and will continue to bear it down. So long as we continue to throw millions and tens of millions of dollars into projects of this character without knowing before we start what the ultimate result is going to be, just so long will our difficulties continue.

Mr. MILLAR: Would the hon. member put the Welland canal in that class?

Mr. NICHOLSON: Yes, I would put the Welland canal or any other project involving the expenditure of large amounts of capital in that class, when proper estimates are not given, in the first instance, as to what these things are going to cost, and in the second instance, as to the results we are going to get from them. I am not in the slightest degree embarrassed by what hon. members may say in regard to the Welland canal or any other project that Canada has entered into and that

has proved a failure, or a partial failure, or that has proved too costly for the Canadian people. I say that the great difficulty in transportation that we must face and solve is due to allowing ourselves to be stampeded into capital projects of a character such as this without adequate information as to what is really involved.

Mr. MULLINS: Would the hon. member say that we are being stampeded into this project after it has been discussed for thirty-eight years? Does it take more than thirty-eight years to find out whether it is right or not?

Mr. NICHOLSON: It makes no difference whether it is thirty-eight or one hundred and thirty-eight years. It makes no difference to me how many mistakes have been made in the past. I say we should try to reach a point when we will bring these mistakes to an end, and look at these things from the standpoint of plain common sense. The minister in his statement of probable cost, if I understood him correctly, gave figures approximating $26,000,000 as the amount to which we are committing this country to-night by passing this vote. Of that amount $6,000,000 is required to put the railway into the condition of a branch line, and $20,000,000 for a ten-ship port in order that the route may be properly tested out.

Mr. DUNNING: I must protest against these words being put into my mouth. I specifically did not commit the government to a $20,000,000 port development.

Mr. NICHOLSON: I recognize that the minister said he did not know, but he gave us figures showing a necessary expenditure of $20,000,000. I appreciate at once that he immediately said I am not going to vouch for these figures. That is one of our difficulties, Mr. Chairman.

Mr. DUNNING: My hon. friend is deliberately misinterpreting me.

Mr. NICHOLSON: Mr. Chairman, I must protest. I am not deliberately misquoting anybody.

Mr. DUNNING: I take back the word "deliberately". The hon. member is unintentionally misrepresenting my meaning. I will read the statement again, for the fourth time. In speaking of the port I said that while the figures had the backing of the engineer Mr. McLachlan, for a port development of that size and scale, I was not committing the government to a development on that scale. That is what I said.

[Mr. Nicholson.]

Mr. NICHOLSON: That is exactly what I said. Perhaps the minister will be good enough to tell us what he is committing the government and the Canadian people to as a means of testing out this route. I submit, Mr. Chairman, that we have a right to know that. This business of coming before parliament and saying: Here is the report of an engineer to the effect that this thing is going to cost $20,000,000 to put this port into a condition so that we can properly test out this route—

Mr. DUNNING: The engineer did not say that; neither did I, Mr. Chairman.

Mr. NICHOLSON: Then what does the engineer say the $20,000,000 is to be spent for? Why was the $20,000,000 mentioned?

Mr. DUNNING: In response to a question as to what information I had. Perhaps I had better read it again, although it is already on Hansard. It shows an estimated cost of harbour works at Port Nelson, for ten ships, of 7,000 tons each, all in port at the same time, and allows for a 4,000,000 bushel terminal elevator, which would cost $3,600,000, out of the $20,000,000, and to which I specifically refused to commit myself or the government at this stage.

Mr. NICHOLSON: Frankly I can see no purpose in putting these figures on the record at all.

Mr. DUNNING: Then why did the hon. member ask the question?

Mr. NICHOLSON: Has parliament no right to know to what this country is being committed when it passes this estimate?

Mr. DUNNING: My hon. friend is quite right. Then why does he find fault with me for giving the information?

Mr. NICHOLSON: I am not finding fault. I accept the statement of the minister as to the figure he gave, and because I do so, he says I am deliberately misquoting him.

Mr. DUNNING: I withdrew that word.

Mr. NICHOLSON: Then he said I was unintentionally misquoting him. The minister volunteers the information that it will cost $20,000,000. Now if the engineer has overestimated what the cost is going to be, I submit that this is the first time an engineer has ever overestimated what a work of this character is going to cost the country.

Mr. DUNNING: I did not say that.

Mr. NICHOLSON: The minister read in detail the engineer's figures. It was unnecessary, because as a matter of fact we have the engineer's figures. He gave ten ships of 7,000

tons each, and an elevator of 4,000,000 bushels capacity. Surely if Port Nelson is going to become the great wheat emporium of western Canada, a ten ship harbour and a 4,000,000 bushel elevator is not too great. That accounts for $20,000,000. The minister has given the figure of $6,000,000 to put the road in the condition of a branch line railway.

Mr. DUNNING: Including engine and railway terminal facilities.

Mr. NICHOLSON: I am going to take the risk of putting into the record what it will cost to put the railway in the condition of a main line railway, for if you are going to transport wheat to Port Nelson, it is not a branch line you want at all, but a main line railway. It is not bent 80-pound relay rails that have been used before on a main line and taken up, and had the ends taken off and rebored, that you want. Without giving the details, although I have them here, to put the railway into the condition of a reasonable main line for carrying reasonably heavy traffic—200 carloads of wheat per day, for example—with a single track line, with necessary passing track, water service, round houses, machine and car shops, will cost, not $6,000,000, but $14,000,000, without a single item of rolling stock to take care of the traffic.

Mr. DUNNING: I have an estimate from Sir Henry Thornton and his organization on the basis of raising the whole line to main line standard, and it is $8,100,000, not $14,000,000.

Mr. NICHOLSON: We have received estimates of that character before. It is because of statements at that time submitted to parliament, based on estimates of such a character, that we find ourselves just where we are. As to this very line 21 miles of side tracks will be required.

Mr. DUNNING: They are there now.

Mr. NICHOLSON: What kind of side tracks? Would they permit of wheat trains passing each other?

Mr. DUNNING: Yes.

Mr. NICHOLSON: I have reports of a different character that contradict that statement. I submit that the necessary switches are not there and that whatever tracks are there will have to be replaced. The figures that I am giving are based on the necessary equipment in the shape of ties, rails, ballasting, ditching, clearing the right of way, water services, roundhouses, and so on right through to Port Nelson.

Mr. DUNNING: I gave the authority for my figures; will my hon. friend be good enough to say who supplied him with this information?

Mr. NICHOLSON: No, I will not say who supplied me with this information but I will put it on Hansard. May I say in this connection that I have already put on Hansard figures with respect to other lines of railway, and if my hon. friend wants to look up Hansard he will find that these estimates have been absolutely borne out in every case. They were received from the same source and have been checked up by the same source as in the present case.

Mr. DUNNING: I gave also details of every item required. It would be of great assistance to me if my hon. friend would follow my example in that regard and would place every detail required on Hansard.

Mr. NICHOLSON: The following is a statement of the estimated cost of completing the railway to mile 333:

Details of amount required to complete Hudson Bay Ry. to mileage 333, to Mainline Standard

Railway ties in place 900,000 at $1.75 approx.	$1,600,000
Ballasting and surfacing at $4,000 per mile	1,332,000
31,263 tons new 80 No. rails at $60	1,875,780
New fastenings, etc.	115,000
Laying steel, $1,250 per mile	416,250
Tie plates and rail anchors	360,000
Bridges, culverts, ditches and clearing right of way	1,665,000
New switches	52,800
Siding rails	264,000
Grading and ballasting sidings	210,000
Ties for sidings	78,750
Terminal water tanks and services, 2 at $14,500	29,000
Intermediate water tanks and services at $10,500	157,500
55 Trackmen's houses	137,500
1-24 stall roundhouse	204,000
2-15 stall intermediate roundhouses	255,000
3-50 ton coaling plants	54,000
3-90 ft. turntables	105,000
3 Terminal stations	27,000
1 Office building	15,000
15 Intermediate stations	67,500
	$9,021,080
Engineering and supervising	902,108
	$9,923,188

Mr. DUNNING: I hope the hon. member for South Winnipeg is listening to this.

Mr. ROGERS: You are not going to spend any money for railway building. You do not intend to build a mile of railway.

Mr. NICHOLSON: The remaining portion of the road could be simply taken on a mileage basis. To build the line and put it

in condition for operating as a main line railway would cost $65,000 a mile. Am I putting the figure at an excessive amount when I say that it would cost $4,000,000 to complete the remaining 92 miles of railway and provide the railway terminal facilities necessary to take care of the traffic? And that does not provide one single dollar for rolling stock.

Now my time is limited, and I do not wish to detain the House unduly. The minister, speaking this afternoon with regard to the question of rolling stock, quoted the director of economics of the Canadian National Railways as to whether it would cost more to put a complete organization on to the Hudson Bay railway, a distance of 420 odd miles in length to handle the grain traffic for two months, than it would to add the additional train crews and engine crews necessary to operate the part of the line they are already operating. I venture to suggest that if the director of economics placed his opinion against that of the vice president and general manager of the Canadian National Railways they would say to him that it would cost 75 per cent more to create that organization and place it on the Hudson Bay railway to handle the same traffic that they would handle with additional train crews and engine crews—and that is practically all they require on a wheat route—on the lines they are already operating east of the point where they would branch off to go to Hudson bay.

10 p.m.

Then as to rolling stock. Surely the minister or the director of economics of the Canadian National Railways does not ask the House or the Canadian people to take their word at par. They say they can operate these 420 miles of railway and thirty or forty million bushels of wheat in a couple of months without any additional rolling stock. How are they going to do it?

Mr. MILLAR: Does any railway deliver all the grain to any terminal in two months and is not the wheat drawn all the year round?

Mr. NICHOLSON: I am simply taking the word of the minister himself when he used the period of two months and said a 4,000,000 bushel elevator was an extravagant estimate as to the elevator capacity required. If there is only going to be 4,000,000 bushel elevator capacity how is the grain going to be stored?

Mr. DUNNING: My hon. friend is not quoting me correctly; he must not say that.

Mr. NICHOLSON: Then there is another point. Would the western grain men care to lock up 100,000,000 bushels of wheat at Port Nelson after navigation closes with the certain knowledge that they could not get it out of there again until navigation opens the next August or September? Would you suppose they would do it? It is not an economic possibility. It is not necessary for one to know anything about the grain trade in order to understand thoroughly that that cannot be done in connection with any commercial commodity whatever.

Mr. DUNNING: It does not need to be done.

Mr. NICHOLSON: No need of it?

Mr. DUNNING: No need of its being done.

Mr. NICHOLSON: If there is no need of doing it, what follows? If you are going to store it at Port Nelson, the minister stated that the grain traffic begins about the first of September, so that you must get the wheat to Port Nelson and away from there between the first of September and the close of navigation, which will be between October 15th and November 1st, according to the most optimistic reports we have received. That means that traffic must be moved in approximately two months. Either the grain is moved in two months or we store it at Port Nelson. Are you going to handle the grain all the year round or not move it out? Perhaps you are going to take it out on skis.

Mr. DUNNING: We will do exactly as we do now with respect to other terminals. We will move out what we can during the period of navigation and we will not move any more until the next period of navigation.

Mr. NICHOLSON: Again let me say that it is not necessary to be a wheat expert to know what is being done. The grain moves to the head of the lakes and is moved out from there until about the 20th December and sometimes until the end of December of each year. Then the elevators are filled excepting what is moved by the all-rail route. But the grain is available just the moment that navigation opens on the lakes. As a matter of fact it has been available for more than a month now at the head of lake Superior and it is moving eastward all the time. It is available for all-rail movement if that is required.

Mr. MANION: It has been available for two months.

Mr. NICHOLSON: My hon. friend reminds me that it has been available for two months. May I just digress for a moment in

regard to what has been said about the Temiskaming and Northern Ontario railway? That railway did exactly what the Hudson Bay railway might have done at any time between the time that the first construction was started and to-day if the same conditions had applied. If minerals had been disclosed along the line of the Hudson Bay railway that were disclosed along the line of the Temiskaming and Northern Ontario railway during the construction period we would not be debating the construction of the Hudson Bay railway. It would have been a commercial success long before now. But unfortunately they have not been so disclosed. If the government will take the position that this is a colonization railway, built for the purpose of developing that country, I will say: Go ahead and build it.

Mr. DUNNING: That is one of its purposes.

Mr. NICHOLSON: If that is one of its purposes, before any other purpose is gone ahead with and before this country is committed to this other vast expenditure, parliament and the Canadian people should see to it that all the facts as to the possibility of navigating the Hudson bay and strait are made known. Just as surely as we are standing here to-night—and my opinion is that the minister knows it—in order to make the Hudson Bay railway with its terminus at Port Nelson a factor in the handling of the grain traffic of western Canada, this country will have to spend $50,000,000 on railway terminals and elevators at Port Nelson, to say nothing about providing special ships. Let me repeat what I said before. I am not expressing any opinion as to the feasibility of navigating the Hudson strait, because I do not know. I am in the same position as the rest of the 245 members of this House. That is the position we are in and it is solely because the government, if they intend to go ahead with this project, have taken no steps whatever to provide any information upon which a proper judgment may be based as to whether this route is feasible or not.

Mr. DUNNING: In order to clarify the matter before the committee I would like to ask my hon. friend a few questions with reference to the statement placed in his hands by his unknown railway expert. When I come before the committee and make a statement, based upon the authority of the engineering and operating officers of the Canadian National, that this 332 miles of railway can be put into operating conditions on a branch line basis for $3,000,000, it is an important matter that my hon. friend should produce figures demonstrating that to put this 332 miles into shape for operation on a main line basis will cost $10,000,000, I believe he said. If a member assumes the responsibility of advancing figures, he should be willing to give the committee information regarding them. He spoke for instance about sidings. What is the amount involved in grading and laying tracks upon sidings on this stretch of 332 miles?

Mr. NICHOLSON: Twenty-one miles of sidings at $10,000 a mile.

Mr. DUNNING: That is how much money?

Mr. NICHOLSON: Multiply it. Is that an excessive figure?

Mr. DUNNING: Is that for grading alone?

Mr. NICHOLSON: Yes.

Mr. DUNNING: The steel?

Mr. NICHOLSON: Steel rails for sidings will cost $264,000.

Mr. DUNNING: My hon. friend is aware that we already have sidings on this 332 miles.

Mr. NICHOLSON: There may be spur tracks and sidings, but the minister will not say that on the Hudson Bay railway there are passing tracks that can take care of main line traffic and the rolling stock that would be necessary to handle that traffic.

Mr. DUNNING: I was not responsible; the Minister of Railways of the Conservative party was responsible for starting the construtions of that railway on a main line basis. I am not blaming him for it. He made provision for 27.8 miles of sidings in 332 miles of line, and I am informed that the sidings are, in fact, main line sidings. If my hon. friend would tell us who his expert was we might know whether he knew what he was talking about.

Mr. NICHOLSON: I am willing to leave it to the judgment of the House and of the country as to whether or not I know what I am talking about.

Mr. DUNNING: I did not say my hon. friend; I said my hon. friend's expert, as to whether he knew what he was talking about. There are in existence 27.8 miles of sidings in 332 miles of line, whereas my hon. friend's expert asks for only 21 miles in order to make it a main line.

Mr. NICHOLSON: We are at the point where we have 27.8 miles of main line passing

tracks on a railway on which the minister proposes to spend $3,000,000 in order to bring the main line of the railway itself up to the standard of a branch line. We have 27.8 miles of main line passing tracks capable of taking care of main line traffic such as we have been discussing this evening. Surely the minister is not going to take that position.

Mr. DUNNING: It is almost an insult to the intelligence of the committee, but it is necessary for me to explain that what was a main line standard when the road was originally constructed in 1913 or 1914 is not a main line standard to-day.

Mr. NICHOLSON: Exactly.

Mr. DUNNING: But as regards the length of the siding, the grading work, the steel work, it is all there, and we are able to ascertain what it would cost to put that particular piece of track and siding into a condition equivalent to present branch line standards. Surely that is plain enough to members of the committee. How much does my hon. friend's expert allow for new rails?

Mr. NICHOLSON: To put the present line into operating condition?

Mr. DUNNING: Yes.

Mr. NICHOLSON: $921,000.

Mr. DUNNING: The present line is being operated to mile 214. My hon. friend's expert surely would not claim that there had been enough traffic over those eighty pound rails since that railway was constructed to wear them out.

Mr. CAHAN: There has been enough frost to put them out of shape.

Mr. DUNNING: If trains are operating over them they are not in bad enough condition to require a great deal of renewal. The only provision made in my estimate for new rails is in connection with the last 100 miles, the calculation being based upon the experience we had with the other 214 miles. It is believed that 950 tons costing $39,000 will be sufficient. My hon. friend's figure is $900,000.

Mr. NICHOLSON: I am sorry I cannot stay to continue this debate with my genial friend; but I have to leave to catch a train. I want to add just one word more to what I have said. The minister has spoken all along to-night in reference to branch line construction. I am referring to what will be necessary to make the main line construction of this railway capable of carrying a traffic such as, for example, 200 cars of wheat per day, with the class of rolling stock used at the present time in handling that amount of freight. The minister knows as well as I do the nature of the sidetracks. Let him read the chief engineer's report wherein it is stated that the rails have become so kinked and bent, as they obviously must have done under the conditions to which they have been exposed, as to make it imperative to replace them. Anyone who knows anything about the operations of a standard railway under the strain of modern traffic must realize that every single rail on the whole of that line will have to be replaced before you can make a main line railway of it.

Mr. DUNNING: I do not know who my hon. friend's expert is, but I have the estimate submitted by the engineers of the Canadian National system. That estimate contemplates the raising of the whole line to main line standard and it includes provision for three engine terminals at $500,000 each, covering all the items the hon. gentleman mentions. The total estimate is $4,373,000 to raise that 332 miles of main line to standard. My hon. friend's expert says it will take $10,000,000. Now, the names of the engineers of the Canadian National Railways are well known to the public; they are not anonymous. And the chief engineer of the system stands behind the estimate I have quoted. I would rather take that estimate, as I feel sure the committee would, than an estimate of $10,000,000 given anonymously by someone about whom this committee knows nothing.

Mr. NICHOLSON: So far as that goes, the minister knows perfectly well that a private member may secure information from an absolutely reliable source and be unable to disclose his authority. The person from whom he gets his information may be perfectly reliable but he dare not reveal his identity. I am prepared to stand by the figures I have put on Hansard. Is the minister equally ready to vouch for the figures he gave this afternoon and to-night in regard to the cost of terminals?

Mr. MACLEAN (York): I shall deal with this question from a new angle. I have heard arguments made by different hon. gentlemen, and it seems to me that the same views might be advanced for the next ten years without any results. Three governments have studied this problem, and with every change of administration there has been a change in the arguments in support of the Hudson Bay railway and against it. What this country wants in this matter is action, and action forthwith. We have been thirty

years discussing the proposal, and here we are at the end of that time still wrangling. Let us do something. I cannot speak from the standpoint of a westerner, but speaking as a resident of Ontario and one who lives in the east, I say that the great desire of the people of this province to-day is to get to Hudson bay and to James bay. It is their desire to extend the Temiskaming and Northern Ontario Railway so as to get into those two great watersheds, which are second to none on the American continent apart from the St. Lawrence. The important feature about these two watersheds is that some of the greatest rivers in America flow from them. There is a passage in the Bible which claims for the waters of Aban and Pharphar, rivers of Damascus, a superiority to the waters of Israel. Can we not make a similar claim for these watersheds in western Canada in comparison with the waters in other parts of the country? The hope of Canada lies in the north. The poet has said:

Westward the star of Empire takes its way.

I say this: Northward the star of progress in this Dominion takes its way, and the most promising part of Canada to-day is the northern country. Not only Ontario but the province of Quebec as well wants access, through the extension of the Temiskaming and Northern Ontario Railway, to James Bay, and one railway will do for the two provinces.

There are more resources in that part of the country than almost anywhere else and they are lying there waiting for development. Most of the valuable things we have in Canada have been discovered in the west. It was the Temiskaming railway that was responsible for all these discoveries in the way of minerals. Sudbury, and the railways have also brought about the development of the pulp industry and the prosperity of the wheat fields of western Canada. There is therefore no way in which this country can be made to prosper except through the providing of means of communication. In so far as we have established lines of communication we have succeeded. The question is not altogether irrelevant, why so many of these clubs like the Kiwanis, for example, are coming here so frequently. We have natural attractions which they lack in the United States. Comparing one country with the other I see in Canada potentially the richest section of the American continent. I am not going to despair of our country. Three or four governments have tried to settle this question, and they have all realized to what an extent political intrigue can delay progress in any country. I am prepared to give the government a chance to go ahead with their estimates, and perhaps, as has been suggested, this railway might be tested as a colonization road. The important thing is, however, that we do something. It has been said that grain might have to remain in the elevators at Hudson bay over the winter. I do not quite accept that view; but even if the grain had to be stored for a time it could be moved and shipped. Certainly no grain will ever remain there six months. It may be tied up for a short time, but, as I say, it can be moved and in any case we shall have solved the problem to some extent in building the road.

People are apt to call this a God-forsaken country; they say there is something wrong with it; the climate is against us. Well, there are lots of things that are in favour of the country and if there are problems to be solved we can face them and solve them. Take for instance the difficulty in connection with ice; I do not regard this as insuperable. Indeed, I am as sure of this as I am of my own existence, that in five or ten years' time the scientists of the world will find some way of ridding the navigation of harbours of the obstacle which has now to be faced in this direction. Every day marvellous things are being done. Who would have believed thirty years ago that such a thing as the telephone was possible? Yet it has come—communication through a wire. Now a beam does everything, we have wireless communication, and it is most effective. And science is going to do something to further solve the transportation problems of Canada.

Let me tell my friends here what happened the first winter in the settlement of Quebec three hundred years ago. I was reading the other day the Jesuit Relations, and I came across this passage:

Si'l y a du froid il y a du bois pour nous rechauffer.

If it is cold here we have wood to warm ourselves.

Now that ought to be the attitude of us who are trying to solve the problems of Canada to-day. Let us take example from those Jesuit fathers. They did not ask for a ship to carry them home because they had winter ahead of them; they went on cutting wood. We have any amount of resources. Year after year we are cutting down a lot of our pulpwood, but science tells us to go in for reforestation, and by a proper system of replanting our cutover areas we shall have a constant supply of wood. I have studied that north country carefully, and I have no hesitation in saying that we have more

resources there than can be found in any other country in the world. All we have to do is to build railways and open up the country, and by this development we will become the dominating part of this North America continent. The Americans would be glad to come over here to-morrow and do the job if we would let them.

I do not want to pass any opinion on others, but certain people would not like to see the Hudson Bay railway completed and a new port established there, for fear the ascendency of Montreal would be jeopardized. That ascendency has already been attacked, in a way, by Vancouver and Victoria, and by New York and other United States ports; but Montreal has not suffered. In the same way Montreal was not hurt by the opening of the Panama canal. I believe Montreal will be a better port than ever if it has to buck against the competition of the Hudson bay route. I want to see a lot of our grain go through Halifax and St. John, and if we believe in the Maritime provinces we should do our share to help them forward. I noticed in the Globe newspaper the other day that for some reason or other it is advising the government not to be in too great a hurry in dealing with this question. Well, we have not been in a hurry so far; we have been too slow. Let us deal with the question, and if the route is no good let us say so and drop it. But when Canadians undertake a work they finish it, and we would not be worthy of those from whom we come if we had not the courage to deal with a problem of this kind. I admit there is a lot in what the member for Winnipeg and the member for Algoma have said, but we have been saying the same things year after year, and we can go on saying them for another thirty years, but the one outstanding thing is that with all our talk there has been very little action. Let the government proceed with this work. The only fault I have to find with them is that they have not acted when they said they would. The men from the west have not said much to-night in favour of the scheme. Well, they have been fooled a great deal in connection with it, they have been promised this railway under three governments. I do not blame those governments so much because the war intervened, but now the opportunity is here to complete the road and make it a success. We have talked enough for and against this undertaking; for God's sake let us go on and make the experiment.

Mr. CANTLEY: Mr. Chairman, I think it is abundantly evident to anybody who has listened to the discussion to-night that the subject matter is one on which there is a considerable division of opinion. I congratulate the minister on the very temperate manner in which he introduced the question, and the caution with which he brought forward and dealt with most of the factors in the case. He made some reference to the cost of equipping the port. I am not quite sure as to what he included in that cost. A large amount of equipment was sent up to that country in 1913 and perhaps also in 1914. I do not know how much of it remains available for future work. That equipment included steam shovels, cranes, dredges and scows. In the estimate of the equipment required to carry on that work has he included the necessary dredges and other necessary construction equipment?

Mr. DUNNING: My hon. friend wants to know about our general plant up there at the present time?

Mr. CANTLEY: Yes.

Mr. DUNNING: We have two steam shovels, four keystone drills, concrete mixers, one five-ton single track locomotive crane, one fifteen-ton double track locomotive crane —I could give the whole list.

Mr. CANTLEY: Pardon me, I do not want the whole list. Is the minister convinced he has sufficient plant there to complete the work he has in mind?

Mr. DUNNING: The work connected with the vote before the House, or the work to be done in future on the harbour?

Mr. CANTLEY: Including work to be done in future on the harbour to make it available for the berthing of the ten steamers he mentioned.

Mr. DUNNING: I am not prepared to say that we have sufficient equipment up there at the present time and of the right type in all respects to take care of the dredging work, but in the estimate I gave this afternoon, prepared by the engineer, the cost of needed extra equipment was taken into account.

Mr. CANTLEY: I have no desire to put the minister in any false position, I am simply and solely asking for information so that I may make up my mind as to whether the amount proposed is likely to complete the equipment of the port to take care of tonnage such as he suggests. We had some six steamers up there in 1913. One third of them never came out. The first boat reached there in August; she was expected to be there in

July, but was delayed on account of ice conditions. I know there is a great diversity of opinion held by members of this House and by people throughout this country in regard to the practicability of this route. We each have our opinions; some are better founded than others, but the fact is that of six boats which went in to Port Nelson in 1913 only four came out.

The reports in regard to conditions at the mouth of the Nelson river are, I think, such as should give anyone considerable thought as to how long it is possible to maintain an adequate channel in front of the estuary of the Nelson river. Captain Robertson, of one of the vessels which was lost, states that the bottom of the bay close to the mouth of the river, where the vessels must lie under this or any other plan which will make this a great grain shipping port, is strewn with great boulders covered by only about eighteen feet of water. It was largely because of that fact that this particular vessel was lost.

Mr. BIRD: What was his ship?

Mr. CANTLEY: He was captain of the Alette; the other boat lost was the Alcazar. One boat was loaded with 2,000,000 feet of hard pine, while the other one carried 3,000,000 feet of hard pine together with a couple of scows, which were never used.

Mr. DUNNING: My hon. friend will admit that those two wrecks did not occur in the straits.

Mr. CANTLEY: No, they occurred in the bay.

Mr. DUNNING: No, in the Nelson estuary.

Mr. CANTLEY: I am not quite sure what the minister defines as the Nelson estuary; they occurred about as close to the site of the present dock as they could get.

Mr. DUNNING: That is right, because the works are not completed, of course.

Mr. CANTLEY: I do not think so; the disaster was not due to the non-completion of the dock. I think you will find a mass of evidence in Hansard of 1914 bearing on the cause of the loss of these vessels. The matter was argued back and forth and at considerable length in the House in 1914. However, I am not going into that matter very deeply. The point is that of the six steamers going in, two remained and are there yet.

Mr. DUNNING: My hon. friend was asking for information; he asked me if it was correct that in 1913 two boats were wrecked. That is true, but it is also true that my hon. friend might have taken the whole period during which work was going on there, from 1913 to 1918, and the same number were wrecked. That is to say, there were only two wrecks altogether during all the years the work was proceeding.

Mr. CANTLEY: I hardly think that is correct.

Mr. DUNNING: I have confirmed the information.

Mr. CANTLEY: I repeat that I hardly think that is quite correct, but we will not quarrel over it. Is the big dredge that went up there still available?

Mr. DUNNING: The suction dredge?

Mr. CANTLEY: Yes.

Mr. DUNNING: Yes.

Mr. CANTLEY: The last information I have is that it was piled up on the rocks. Have you salved it?

Mr. DUNNING: There is one dredge on top of the cribbing on the island, but it is in perfectly good condition and can be taken down if the chief engineer there so desires.

Mr. CANTLEY: We are assured that the ark is on mount Ararat, but it has not been salved yet. The top of an island is a rather poor place to have a dredge.

Mr. DUNNING: My hon. friend must understand that the department did not put it there; the elements were responsible.

Mr. CANTLEY: Agreed, and that is exactly what you have to war against. There are several features which will make or unmake this whole project as a commercial proposition. One is the type of vessel it will be necessary to employ in order to navigate these waters. I do not think any man with practical experience particularly in connection with ice navigation will seriously propose or maintain that the ordinary type of freighter can successfully navigate these waters. I hold that the vessels carrying on that trade, if it is ever carried on, must be vessels of practically the same type as those prosecuting the seal fishing around Newfoundland. These vessels are constructed with double spaced scantlings and with double plating, and I take it that vessels of that type, especially as they will have to be more highly powered than the ordinary tramp vessels, will cost practically double the amount an ordinary tramp steamer of the same capacity would cost. If these vessels are to be engaged for three months only—and that is about the limit—how can they successfully compete in the trade of the

world for the remaining nine months? They will be handicapped by the fact that their cost is practically double that of competing vessels of the same tonnage, and the result is obvious.

Then comes the question of insurance. The insurance out of the bay will certainly be double what it is out of the ports of New York, Baltimore, Philadelphia, Halifax, St. John and Quebec. Then there is the question of duplication of rolling stock to maintain this road in operation for a limited period. I am not going to go into that question more fully, because I think the House is rather tired of this argument. But I want in all seriousness to make a proposition to the minister which I think is reasonable, practicable and one which I hope will commend itself to him and to the House. From the utterances of the minister to-day I take it that he wishes to gang warily, to ca' canny, to make sure and so make no great mistakes. I would remind the minister, although it may be unnecessary, that reputations have already been lost in connection with this enterprise.

The minister has twenty or twenty-two Canadian merchant marine steamers of about 5,400 tons net register or 8,000 tons dead weight capacity. He will require at Port Nelson a considerable quantity of coal if he goes on with this enterprise, as I believe he fully intends doing. I propose to him that beginning in July of this present year he divert ten of these vessels—because they are just the size vessels he speaks of using in that trade—load them with coal in Nova Scotia and send them up. Such a fleet of ten steamers will carry 70,000 or 80,000 tons of coal, and he will need the coal for his port development. I am aware that he has no docks at which to discharge the coal, but that makes no great difference; let him throw the coal overboard.

Some hon. MEMBERS: Oh, oh.

Mr. CANTLEY: Do not laugh; he who laughs last laughs best. I am making a serious proposition, and an entirely practical one, and I leave it to the minister or any man with a knowledge of the subject whether or not it is practical. He can have those ships discharge that coal over the side, and he can dredge it up with a clam shell or dipper dredge as he requires it. Coal stored under water loses none of its value. This proposal is practical, for I claim to be a practical man. Let him send these boats there beginning in July ensuing, next month; they will return light, but he will get his coal there and at a lower cost than is otherwise possible, and if he is able to get the ten boats out safely next fall without accident, I will cease my opposition to the scheme.

Mr. DUNNING: I shall be very glad to have the suggestion made by the hon. member for Pictou (Mr. Cantley) examined, and to give it consideration.

Mr. CANTLEY: Thank you.

Mr. KENNEDY (Winnipeg): Mr. Chairman—

Mr. MILLAR: Mr. Chairman—

The CHAIRMAN: I saw the hon. member for Winnipeg South Centre (Mr. Kennedy) first.

Mr. MILLAR: This is the third time I have attempted to speak to-night, Mr. Chairman.

The CHAIRMAN: I saw the hon. member for Winnipeg South Centre first.

Mr. KENNEDY (Winnipeg): The situation in regard to the Hudson Bay railway as it stands to-night is briefly this. The projected line extends from the townsite of Le Pas nothward to Hudson bay, a total distance of 426 miles. Already the 426 miles have been graded from Le Pas to tidewater. Of that distance the steel has been laid upon 334 miles.

Mr. DUNNING: For 332 miles.

Mr. KENNEDY (Winnipeg): The minister says 332 miles. It requires to be laid on 92 miles more, which 92 miles is graded, to finish it. There have been expended in moneys on that railway to date approximately, including upkeep, $20,000,000. There have been expended in the matter of materials and equipment stored at the bay itself several millions of dollars. That railroad has been promised to Canada by prominent men of every political party who have held the reins of government in this country ever since confederation, and the question now is: Will we finish a railway that is in that condition, or will we let it rot? So far as I am concerned, I am for finishing the railway with all despatch.

This is not a party question, Mr. Chairman. I must say that the Winnipeg Free Press has been a bit unfair in endeavouring to inject a little politics and propaganda into this question. In last Saturday's issue it calls attention to the fact that when the question of the Hudson bay estimate came up in this House on Friday for consideration, it was stood over at the instance of the acting leader of the opposition, the hon. member for West York (Sir Henry Drayton) and it intimated that the

reason the vote was not dealt with on that occasion was because a number of Conservative members were absent attending a meeting in Montreal, and that it should have been proceeded with. It further points out that direct information had been given by the government that the Hudson Bay estimate would be considered on that day. I take issue with that statement. It is true that we knew that railway estimates would come up, but many days are spent here on the estimates of a particular department without certain individual items being reached.

Mr. DUNNING: If my hon. friend will permit me, in reply to a question across the floor of the House I stated a week ago that on the next occasion that the railway estimates were before the House, the Hudson Bay railway vote would be taken up. I am not now quarrelling with my hon. friend's statement; I mention this only in the interest of accuracy.

Mr. KENNEDY (Winnipeg): If that statement was made by the minister, I did not hear it. So far as the particular occasion was concerned, there were a number of Conservative members absent on that day, including Conservative members who were in favour of that road. We spoke to the acting leader of the opposition and suggested to him that if by any chance the Hudson Bay railway vote was reached, it was our desire that it be not disposed of until we had had an opportunity to speak. I was one of those members, and I now take this opportunity to-night, as one of those then absent, to say that I stand four-square behind this vote of $3,000,000 for the Hudson Bay railway.

Mr. FORKE: I think it is only fair to the Winnipeg Free Press to say that they devoted a whole editorial praising the Conservative members at Ottawa for the stand they are taking on the Hudson Bay railway in their speeches. The hon. member saw that, I am sure.

Mr. KENNEDY (Winnipeg): I do not know that the Winnipeg Free Press feels the need of any special sponsor here.

Mr. FORKE: It spoke very flatteringly of the Conservative members. Did the hon. member see it or not?

Mr. KENNEDY (Winnipeg): I did not, as a matter of fact. I say, Mr. Chairman, that this is not a party issue. Examine the records of the parties since confederation, and you will find that prominent leaders of both political parties in this country have declared for the Hudson Bay railway. Sir John A. Macdonald said that it was the great natural outlet for the west. Coming down to more recent times, Sir Wilfrid Laurier was a great champion of that route. In the last political campaign, unless I misunderstood what they said in the west, the leaders of both the Conservative and the Liberal parties declared themselves for at least such a measure of completion of that road as would carry the line to the bay and give the road an effective test. For that measure of completion at the present I stand. I am not one of those who is going to urge upon members in the east, who are not perhaps so directly interested in that road as are we of the west, the necessity of immediately committing this country to the expenditure of $26,000,000 odd given in the estimated cost by the hon. Minister of Railways, but I am here to insist as a right, not only of the west but of this whole country, that that road be completed, and completed forthwith, to the bay. That I submit is not asking too much.

Appropriations for the completion of the Hudson Bay route have been included in the estimates every year between the years 1910 and 1918. They have been passed by successive governments and they have been passed by the Senate. Why, then, at this time does the whole question of the feasibility of the route come up? I submit that is a matter which has been passed upon at least to the extent of completion to tidewater. I will not go into an argument as to the feasibility of the route. I point merely to the last official report on the subject, which is the report of the special committee of the Senate in 1920, the effect and the exact wording of which has been placed upon Hansard by the hon. Minister of Railways. That committee declared the route feasible. I grant you that you can call witnesses for and against the route. Take any man who is placed on trial for his life on a charge of murder; you can call eminent alienists both for and against, twenty to prove that he is sane and twenty to prove that he is insane. It is much the same with the matter of the Hudson Bay route. I submit that the question of the feasibility of the route has already been passed upon, and is no longer a matter of argument in this House, at least in so far as to warrant its completion to tidewater.

On the question as to payment for this route, the Minister of Railways has drawn attention to the fact, if I interpreted his meaning correctly, that already certain western lands have been set aside, if not by statute, at least it was generally and distinctly understood, for the purpose of producing a revenue for the construction of this very

route. In the matter of pre-emptions and purchased homesteads, provision was made under the Dominion Lands Act of 1908 for the sale of these pre-emptions and purchased homesteads. Speaking to the point as to what was to be done with the revenue derived therefrom, Hon. Frank Oliver—and remember he was a member of the government when that provision was made—speaking in this House on 26th May, 1913, as reported at page 10951 of Hansard, said:

> The question has been raised here in regard to the cost of this railroad, the charge upon the treasury. Some years ago the principle of pre-emptions was introduced into the western country, with the understanding that the fund accruing from the sale of pre-emptions would be considered as an extra source of revenue from which the Hudson Bay railway might be constructed.

That understanding has been confirmed to-night by the words of the Minister of Railways. What moneys up to date have been derived from the sale of these pre-emptions and purchased homesteads? A recent return submitted to this House in answer to an inquiry by the hon. member for Neepawa (Mr. Murphy) shows the following figures: The number of acres sold up to March 31st of this year were—pre-emptions 12,763,040 acres; sale price, $38,289,120. The acreage of purchased homesteads sold was 1,322,840 acres, and the sale price thereof $3,968,520, making a total sale price of $42,257,640. The moneys actually collected were as follows: Up to February 28th of this year there was collected on account of the sale of pre-emptions, $16,635,639.39 and for purchased homesteads $3,191,648.98, making a total collected up to the end of February last of $19,827,288 37. There is a balance still outstanding in respect of the sale of homesteads and pre-emptions that have not been cancelled of over $7,000,000. I draw attention to these facts for the reason that those are lands of the western provinces contiguous to that railway. On the word of the Hon. Mr. Oliver, who was in the government at that time provision was made for the sale of those lands, it was distinctly understood, although not definitely provided in the statutes, that as to these moneys the proceeds thereof should be earmarked as a fund for the completion of the Hudson Bay railway. I think that is a matter worthy of some consideration.

It is urged against this route that it is but a dream. I ask hon. members of this House, was not Canadian confederation a dream? Was not the carrying through of the Canadian Pacific railway to the Pacific coast a dream? Was not the securing of Canada as an integral part of the British Empire a dream? But these are dreams that have since become realities. The opening up of northern Ontario by the Temiskaming and Northern Ontario railway was a dream, but it is now a reality. I say to those hon. gentlemen that at the heart of everything worth while there is a bit of dreaming. The people of the west have been promised the completion of this railway not by one party only but by the leaders of all political parties on the hustings throughout this country for the last forty years. If then the people of the west have come to believe the pledges of the leaders of these parties, no blame is to be attached to them. They now ask for their redemption. As much as two hundred and fifty years ago the Hudson Bay route was the only ingress and egress to that western country. The Selkirk settlers who settled along the Red river came from Scotland via the Hudson bay. The Hudson's Bay Company have been using that route in their trading operations for nearly three centuries. The feasibility of the route has been proved by that method of ingress and egress for two hundred and fifty years.

If you look at the map of Canada you will find that the Hudson bay is the great natural outlet for western Canada. You will also find something else. You will find that to-day our settlement runs along the American border. To what direction are we going to look? Are we going to look to the south? There is only one way and that is northward. Build this road and you roll the map of Canada northward. That means new Canadians. If that road does nothing else—if it never carries a bushel of wheat to the markets of the world, if it never carries a steer to the world's markets—it will open up a country rich in mineral resources, rich in water power, rich in possibilities. It will open up the fisheries of Hudson bay, and as a colonization road alone its construction will be worth while.

Mr. MILLAR: The hon. member for East Algoma (Mr. Nicholson) raised one question that I should like to clear up. He seemed to find some difficulty in realizing that wheat could be taken out by this new route providing it was finished and the elevators built. May I point out that it has not been the custom of those who ship grain to ship it all out in a very short time? It would be impossible to do that even if they wished, and it would not be desirable. I have figures here, from government statistics, showing that on the 31st of March, 1924, 177,000,000 bushels of wheat were in the terminal elevators, in the hands of the farm-

ers, in the country elevators, or in other places in Canada. If this line is built that grain is going to be fed to the market. It is the policy of the pool to feed grain to the market gradually, not rush it on to the market in a few months. Great Britain, for example, will take about 12,000,000 bushels a week, and it is the policy of the pool to feed that grain to that market just as it will take it. That grain is going to be fed to the British market in the months of May, June, July, August and September and it must be stored somewhere before the new grain comes in. Is there any reason why that grain that is to be taken to Great Britain in July or August cannot be stored in the elevators at Port Nelson? None whatever.

11 p.m.

It means a great deal if this route is feasible. I say "if", because there has been so much contradictory evidence given on the subject. And there are differences and degrees of doubt. I know that a great many hon. members have a doubt about the feasibility of the route. Others again are satisfied that it is feasible; that there is no danger whatever.

Mr. MANION: Have any of the party to which the hon. member belongs—and I ask this merely for information—investigated the matter, or are they just taking the reports? Have any of his party really gone up to the headwaters of the Nelson river and spent some time there to look into the matter?

Mr. MILLAR: Yes, two of the present members of our group, and Mr. Hoey—I think at least four of our group have gone over this route and carefully examined it.

Mr. MANION: I am speaking about the strait and so forth. That does not cover that.

Mr. MILLAR: Since my hon. friend has touched on that point, let me read a short extract from a statement by Captain Bernier of Quebec. I can of course read scores of them, and so can others on the other side. This is what Captain Bernier says:

> After sixty years of navigation experience, Captain Bernier declared to an interviewer: "It is while navigation is open a better route than the St. Lawrence. The difficulty is not the straits but the port."

Hon. members should take note of that because of some remarks that have been made recently. In another place Captain Bernier says:

> Hudson bay itself was a mariner's paradise. "It has," said Captain Bernier, "a level sandy bottom with no islands and no reefs in the course from Hudson straits." He declared that the period of navigation would be at least three and sometimes four months.

Do hon. members realize that Port Nelson is the same distance from Liverpool as Montreal if you do not go by Belle Isle—2,966 miles? But Port Nelson is 1,000 miles nearer the centre of the grain district than Montreal. I suppose hon. members will hardly believe that, but if they look at a map they will find that such is the case. That means 1,000 miles gained in distance. Let us consider for a moment what that 1,000 miles of distance saved means. If it was 1,000 miles of open water it would not mean very much, because the cost of carrying grain or other freight over open water is only one-eight of the cost of carrying it on land. But part of this is rail. It is 915 miles from Saskatoon to Fort William; it is 700 miles from Saskatoon to Port Nelson. When we get to Fort William there is open water for a distance, but the open water does not go through to Montreal by a long way. When we reach the canals, transportation through the canals is almost as expensive as by railway. There are 44 miles of canals on the St. Lawrence and 26 miles at the Welland; there is the difficulty and the waiting in going through the canals. A great deal of grain instead of taking the water route on the lower end takes the rail route from Parry Sound, Collingwood, Owen Sound and so on, and I think that is proof that the cost over the lower end of that route is almost as expensive as by rail. The transfer points which I have mentioned would be approximately 400 miles from Montreal, so that in that distance of 1,000 miles that I speak of, 400 miles and 200 miles are rail haul. If the Hudson bay route is feasible, that means that our grain will go to the Liverpool market over less mileage on water and with 600 miles less rail haul.

The hon. member for East Algoma (Mr. Nicholson) asked: Would the pool like to tie up 100,000,000 bushels there? It is necessary for the pool or others who are shipping grain to have grain on hand at several points, at least to have enough grain at all times of the year to satisfy the market. For that reason they will always have to have grain at Montreal and Vancouver and perhaps at Halifax and St. John. But there is no reason why a portion of the grain that might be required in midsummer, as I said before, could not be stored at Port Nelson, and with the shorter route, unless the insurance is enormous, unless the losses are beyond anything that we can think of, there will be a vast gain. With the keen competition we are going to

have in a very short time from Russia, the shortest and cheapest route we can get for our grain will be necessary if we are going to continue in the grain business.

This route, if it is feasible—and I believe it is—will also mean better trade with Great Britain. I know the majority of the people of western Canada believe it is. Another factor that affects this question is this: Frequently it has been pointed out in this House that the water on the Great lakes is going down. Perhaps every member does not realize exactly what that means. I am speaking only from memory, but I am quite positive that my memory is not playing me any tricks when I say that a large grain boat which is pretty well loaded would require eighty tons of freight to sink it another inch, or 2,960 tons to sink it one foot. That figures out to about 33,000 bushels. Hon. members will see where we are drifting. We hope that in a very short time we shall be able to stop the diversion of water at Chicago and in some way raise the water in the Great lakes to its former level. But if we are not able to do that, hon. members can see that the expense of transporting grain and other freight over the lake route is going to increase rapidly. What does it mean to have a large boat going down the lakes not filled but within a foot and a half of being filled? It means, if it is only a foot, 33,000 bushels short, and if it is a foot and a half, 49,500 bushels short. Therefore every foot lost in the depth of these lakes is an enormous loss. The situation is serious enough at the present. If it should become more serious and expensive the greater will be the necessity of opening up a new route via the Hudson bay. There are many other points that I could touch on; some of them have been touched on and some not, but at this late hour I am not going to prolong the discussion any longer.

Mr. WOODSWORTH: As one of the Winnipeg representatives I feel that I cannot give a silent vote on a question which has created so much discussion throughout western Canada. Some arguments which have been used do not particularly appeal to me. We are told that this legislation must be given simply to satisfy the west. I do not think that argument is good. The government should not yield to the clamour either of Oshawa or of Winnipeg. We are told that the question is not debatable. I do not think that position is tenable. We are told that the cost of construction is already provided for by the sale of western lands. I do not think that in itself is sufficient to warrant this estimate being passed. We are told that this is not a new project. I am inclined to think that argument has a considerable amount of weight, as we have already spent a great deal of money on the project and this expenditure would be lost if we did not go at least so far as the vote goes—that is to rehabilitate the road. I would point out incidentally that it is only on such an argument as this that we can justify continued expenditures on the Welland canal, more especially at this time and before the St. Lawrence waterway is deepened. Those who are afraid of the Hudson Bay railway ought to remember the Welland canal with its enormous expenditure; and it is a question whether or not it will be wise for us to complete that undertaking until we have finished the waterways lower down.

I have noticed that the advocates of the Hudson Bay railway are sometimes very resourceful and shift their ground as the necessity demands. If it is not a grain route, then it is a cattle route, and if it is not a cattle route then there is fishing or there are minerals to be developed.

Mr. CAMPBELL: Does not the hon. member say the same of the opponents of the railway?

Mr. WOODSWORTH: Quite so. I say that we ought frankly to face all the facts of the case. This railroad, even though completed to tidewater, would be of comparatively little advantage without the terminals, and these terminals would be expensive. The question is undoubtedly of importance as to the choice between Churchill and Nelson as terminus. It is all very well for the advocates of the railroad to say that this question has been settled and that we cannot alter it. I do not believe that is so. It is no use suggesting that a discussion of the preference as between Churchill and Nelson is something in the nature of a red herring. Certainly we ought not to allow anything to divert us from the project if it is sound, but surely it is not too late to consider whether or not it is advisable to change the terminus.

For me, however, I confess, the most important consideration is the feasibility of the straits.

Mr. CAMPBELL: Will the hon. gentleman give us his reasons for thinking that the question as to which port should be chosen should be gone into again?

Mr. WOODSWORTH: I think it should be considered on general principle. We have the most diverse statements with regard to the two ports, and it is not too late to make

a decision one way or the other, especially in view of the importance of the question.

Mr. HANNESSON: Is not the present vote intended for repairs to the existing system?

Mr. WOODSWORTH: I shall come to that in a moment. At this stage we ought to consider not merely the vote now before us—and I may observe here that I intend to support it—but the future possibilities as well. I am going to support this vote, but I want to explain the grounds on which I shall do so. I should not feel justified in voting for this expenditure unless I put my position before the committee. We cannot very well go ahead and spend $3,000,000 without knowing what our objective is to be.

Mr. CAMPBELL: Two independent staffs of engineers went into the question fully and both reported in favour of Nelson.

Mr. WOODSWORTH: I am aware that there are those who favour Nelson, but surely we need not wait until the tracks are actually laid and the terminals built before deciding an engineering question of this character. I may summarize briefly the points which, in my opinion, should be considered in deciding the question of the construction of this railway. According to the evidence, which undoubtedly is conflicting and not altogether conclusive, we may gather the following facts.

The straits are open somewhere between two and four months, with a maximum of fifteen weeks, and this not to be depended upon every year.

Mr. CAMPBELL: Where does the hon. gentleman get his information?

Mr. WOODSWORTH: My hon. friend has studied the question thoroughly and, as he knows, this information is obtained from the various reports that have been submitted to the government, such for instance as the one referred to by the Minister of Railways today, as well as from returns brought down to the House on different occasions by the Department of the Interior, the reports of Mr. McLachlan and so on. I would refer the committee to one rather interesting document which I fancy is about as careful a statement as we may find on this question. This study was made by one of my own fellow townsmen, Mr. W. Nelson Smith, and is reported in the Engineering Journal of June, 1924.

As I was going to say, we may gather from the evidence which we have before us that there is a maximum of fifteen weeks during which the straits are open, and this is not to be depended upon every year. Apparently the months are August, September and October. Before or after would mean delay and would involve specially strengthened ships; and we should also be forced, as has already been mentioned, to move the crop of the previous year. Apparently we should require special aids to navigation involving large expenditures, and as has been so frequently pointed out, it would be commercially difficult to develop a port handling mixed cargoes. That difficulty has been experienced in the case of Quebec in competition with the port of Montreal. The latter port has a much larger city behind it, and all sorts of mixed cargoes are shipped there. That is one reason why it has been so difficult for the port of Quebec to attain the development which some of us had hoped for. Then, operating for but a short period of the year there would undoubtedly be a heavy additional expense in the way of insurance and overhead of all kinds.

I am inclined to think, after looking at the matter from the standpoint of the road as a grain route, that the annual expense would be greater than the saving that would be effected. Possibly in time that might be reversed; but so far as we can see now, basing our conclusions upon the evidence at present available, it would appear that the expenditure involved might perhaps be used to better advantage in subsidizing existing roads rather than opening out this new one. Last of all, may I point out that until we have some control of the shipping situation on the Atlantic, about which we heard so much last year, the shipping combine there could readily neutralize any gains we might make on the railway.

It seems to me that this matter should be frankly faced before we make any very great additional expenditures. In the Engineering Journal of June 1924 there appears what strikes me as a very sane resolution as passed by the Engineering Institute of Canada:

> That the proposed Hudson Bay railroad be thoroughly investigated from the engineering, economic and national viewpoints before any decision is made to construct, complete or operate the said railway.

I would not go quite so far. I would build to tidewater, seeing that we have constructed so much of the road. But before proceeding to construct expensive terminals and provide necessary aids to navigation we should, I think, have a most careful investigation made into the whole question. I have already said that I intend to vote for the estimate before us, which in my opinion is quite justified. But I do urge that we ought not to be asked next year to vote still further sums without having

a great deal more evidence than is now before us. Why not carry out the suggestion made in one of the articles to which I have already referred and let the government appoint a commission, not of politicians, but entirely of technical experts—such men as the past president of the Engineering Institute, Mr. R. A. Ross, whom I do not know personally, but whose reputation is Dominion-wide?

Mr. BEAUBIEN: Are not technical engineers a good deal like lawyers, never agreed on anything?

Mr. WOODSWORTH: They may be; but after all I have a good deal of confidence in technical engineers and in modern scientists generally. I would say we ought to have experts in engineering, in railroading, in harbour construction, in shipping operation and in grain handling. Let these men get together and make a thorough study of the subject at a cost of a few hundred thousand dollars, if need be, and prepare a report—not such a report as that made by the Senate after calling a few people before a committee to answer a few random questions.

Mr. BIRD: How could engineers investigate the problem in any other way than it has already been investigated?

Mr. WOODSWORTH: I am not an engineer, but when hon. gentlemen of the Progressive party go up to the Hudson bay, take a look at the water, swim in it, and then come back and tell us the route is feasible, I should suggest it is quite possible that engineers with the scientific data available ought to be able to give some sort of opinion that would be at least equally as valuable.

Mr. BIRD: How would engineers investigate navigating conditions?

Mr. WOODSWORTH: I said not only engineers but men expert in shipping operations.

Mr. BIRD: How would they go about the work?

Mr. WOODSWORTH: There are a number of suggestions to be made. I have heard, for example, that we could have a good deal of help if the line was once in operation by having ships direct their course through drifting ice by means of airplane observation. I might say I was talking to some airmen about it, and they did not relish the prospect, but if that suggestion is feasible after the line is completed, it is feasible now. Further, I cannot see why some of the ships of the Canadian Government Merchant Marine that are being sold off should not be sent there to make frequent trips during the next two or three years and keep a careful record of navigating conditions.

Mr. HAY: An expedition was sent up there forty years ago by the government of Sir John A. Macdonald, and we have their report. They got expert advice.

Mr. WOODSWORTH: Yes, I have read that report. And I know perfectly well as an old-timer in the west that that route has been used by the Hudson's Bay Company through all these years.

Mr. HAY: I am not speaking of the Hudson's Bay Company; I am speaking of the expedition sent by the government of Sir John A. Macdonald in 1885.

Mr. WOODSWORTH: I said I had read that report, and I added that the route has been used by the Hudson's Bay Company for a much longer period. All that is true, but it is one thing to have a ship go there and wait until the ice clears; it is quite another thing to operate steamships under modern commercial conditions. We might profitably spend a very considerable sum of money in investigating this proposition before embarking on the heavy expenditure necessary if it is to become a practical grain-carrying route.

Mr. DUNNING: I wonder if my hon. friend will permit me to make an explanation at this point that I should have made earlier in the day. So far as scientific investigation is concerned, we already have the Nelson estuary completely charted right out to deep water, soundings have been taken on two separate occasions, and the maps are in existence. So engineering data relating to the Nelson estuary is already fully available. With regard to the harbour of Churchill, there is in existence the hydrographic survey of 1910 with the soundings out to deep water. There is also considerable information available from the Department of Marine and Fisheries regarding the currents in Hudson straits and the navigation conditions there generally. I merely give this information in order to assure my hon. friend that the technical aspects of these various questions have not been lost sight of by past governments and are not being overlooked by the present government. We have in the various departments of government technical experts on these matters, and the air service suggestion to which my hon. friend made reference is under consideration. I may say that that idea is rather promising. It must be remembered that icebergs, as such, are seldom if

ever found in Hudson straits; the difficulty is field ice. I may tell the committee frankly that since I came down here I have studied every log book of every steamer available in the Department of Railways, and every track chart.

An hon. MEMBER: Any from Lunenburg?

Mr. DUNNING: Yes, some from Lunenburg. Of course, there is no market in Hudson bay for the kind of goods my hon. friend has in mind. What strikes one in connection with both the log books and the track charts, particularly the latter, is the fact that where a vessel does encounter ice, very frequently after being held up for a period varying from half a day to a week, it shortly finds a clear passage a few miles from where it originally struck the ice, but beyond the range of vision of the mariner at the time. As a matter of fact one vessel will find a clear passage relatively a few miles from another vessel that hits an ice field. The possibilities of hydroplane observation in that regard is receiving the attention of the technical experts of the government at the present time. In all probability valuable work can be done in that connection by communicating by wireless to the captain of the ship where he is likely to find open water. Under ordinary conditions without such aids the mariner of course is limited to his own vision from the ship. But these points are all under consideration now, and I can assure my hon. friend we require no commission of experts to take charge of them.

Mr. WOODSWORTH: Mr. Chairman, I am very glad to be assured by the minister that he has all this information before him. I would feel a little more satisfied if he were not quite so sure about the matter, because it seems to me with the very conflicting evidence which has been published throughout all these years we might very well have a little more definite information with regard to a number of the points to which I have already referred. However, I thought it was only right to explain my position with regard to this matter. I intend to vote for the expenditure if it comes to a vote. I am a westerner, and I have seen in the last forty-four years that great lone land develop until we have now three great provinces. I remember as a boy driving north from Calgary to Edmonton and ferrying across the river there. At that time there was absolutely no evidence that within a few years an imposing provincial capitol on one bank and extensive university buildings on the other would overlook the little ferry that then lay before the old fort. Any of us who have pioneered in the west, have become convinced, I think, that we must take some chances. I might remind the House that although we have not as full or convincing evidence as I should like before committing ourselves to this additional expenditure, the chances we are taking in going on with the Hudson bay undertaking are not nearly so great as the chances which western men continually have to take in carrying on their private business affairs.

There is just one other point I wish to mention before sitting down. I do not think we have started to estimate the water-power that will be made available in that northern country by the construction of this railway and the opening up of the country. We may get minerals; we probably will get fish, but I am sure these water-powers will repay us fully; they at least are already in sight.

Mr. CAMPBELL: I have no intention of taking up much of the time of the committee at this late hour in a discussion of this matter. The question has been under discussion in this House for the past five years, but for the benefit of the hon. member for Winnipeg North Centre (Mr. Woodsworth) I would like to refer to a report by an engineer named J. W. Tyrrell, who was sent to the Hudson straits in 1903 to study conditions. He established himself in a chamber in the rocks four hundred feet above water to study the ice conditions during the whole winter. He states in his report that there was no time during the winter when the ice was not constantly on the move, and that there were open spaces through which a vessel could pass in all except two months of the year, January and February. That is very much in conflict with the statements of the hon. member for Winnipeg North Centre, and would imply that there are some years at least when the ice conditions are not so bad. Then I would refer to a report made by Mr. A. P. Low, another engineer who was sent to the bay in charge of the steamer Neptune. He wintered inside the straits and came out in the spring, and said in his report:

> There is little doubt that a specially constructed ship for ice navigation might pass through Hudson strait at any season, but the voyage would be long and the difficulties and dangers would be great.

I might refer again to the Senate report of 1907. In part the report states:

> The consensus of opinion of witnesses is that Hudson bay remains open all year, strait also open all or nearly all year and would be open all the time except for drift ice from the channel. Aids to navigation would greatly facilitate and extend length of season.

I see nothing whatever to be gained by adding expense by a prolonged investigation into this matter. We have had two complete investigations into this whole situation at two different periods of our history; we have already spent a lot of money and this route is either feasible or it is not feasible. Surely we can decide on the evidence before us to-day and not waste time and money in further consideration.

Mr. FOSTER: I rise to speak on this subject with a great deal of diffidence, Mr. Chairman, because I fancy I am the only member of this House who has ever been in Hudson bay. Consequently I have had an opportunity of encountering the actual conditions there, and it might be supposed that I would have some personal knowledge of those conditions. But a little personal knowledge, however little it might be, would certainly unfit one for speaking on a subject of this kind. That reminds me somewhat of after-dinner speeches, of which they say he makes the best after-dinner speech who announces his subject, departs from it and never approaches it again during the length of his discourse. But the fact remains that in this particular vote and in all subsequent votes which will come before the House in the decades yet to come before we effectively dispose of this subject, I have a peculiar interest.

In the first place I represent a constituency in the far eastern part of Canada which cannot possibly be benefited to any material extent by this route if it is proven feasible and developed into a great grain-carrying route. If it should be economically sound to carry grain from the west by this route I am sure the grain going by Buffalo and the American ports, plus that which goes by this new northern route, will entirely overlook that route especially built to carry grain from Winnipeg to Quebec and the Maritimes, the Transcontinental railway. So in any case this will tend to sidetrack the portion of the country from which I come.

That, however, is not the main point to be considered because I realize, as the people of Nova Scotia have always realized since they came into confederation, that we must give a great deal in order to benefit the whole of Canada. If they have become a little tired of giving and not getting very much in return, as they think, I can assure you that it is projects such as these together with the great amount of money spent upon railways all over the country that have brought them partly to that conclusion.

I do not say that I am not going to support this vote, but my first objection is that in my humble judgment this is not the time in the affairs of Canada when we should embark upon a $3,000,000, $10,000,000, $20,000,000 or $50,000,000 project regarding transportation. I cannot help come to the conclusion that we have been spending money in this country on transportation problems for the last twenty-five years, piling up deficit after deficit year after year until we now have a staggering debt on the shoulders of our people. Yet hon. gentlemen opposite as well as hon. members on this side of the House get up and wave their arms in enthusiastic support of schemes of this character, which would indicate at least that our burden is very light indeed. It was that self same enthusiasm which sent us into our railway problems as we have them in Canada to-day; it was that same enthusiasm, without proper examination and proper information, which has cost this country millions of dollars which we will never get back.

What is the financial situation of Canada to-day? Hon. gentlemen might consider for a moment our national debt of $2,422,000,000; add to that if you will the provincial debts of $784,000,000 and the municipal debts of another $794,000,000. Then figure the amount of money borrowed from outside Canada, upon which we have to pay interest every year, and we arrive at the staggering sum of 8,000 million dollars owing by this little Dominion of 9,000,000 people, on which sum we have to pay interest. I say that when we start in on propositions of this kind by voting $3,000,000 now—and unquestionably in the next fifteen or twenty years it will take $50,000,000 or $75,000,000—we should go very carefully. Considering this debt we should pause before bringing in, for sentimental reasons only, a measure of this kind and proceeding to vote millions of dollars in this way.

That total of 8,000 million dollars owing by 9,000,000 people means $940 for every man, woman and child in this country. There is nothing wrong about these figures; they have been compiled by reputable business men, and are correct. The total is staggering, and the people of my constituency are asking themselves what this project means so far as they are concerned. I made a little notation here extending it over a period of twenty-five years, and assuming that the expenditure reaches $50,000,000. With $20,000,000 already spent, on the basis of 4 per cent it will mean $2,000,000 to the province of Nova Scotia, or for my own constituency alone something like $140,000 as a capital charge. On that sum the interest each year will amount to $8,000 or $10,000.

I am not casting my vote in this House because some person who never was in Hudson bay gets up and says that in September and October someone bathed there and the climate is beautiful. You will never make the route pay on climate alone, my information teaches me. In the bay itself, as the hon. minister says, the difficulty is with the ice fields, 100 miles long, and from 75 to 85 miles wide. Is it proposed that when a steamer leaves the dock an aeroplane shall accompany her overhead, with a string hanging down to chart the course and tell her where the opening in the ice field is? There may be some value in the air service there But after all is said and done, until you have determined, as the hon. member for Pictou has said, that this route is feasible, the conditions obtaining in the bay as we know them certainly indicate that as a grain route much has got to be done before it will be feasible. I do not know whether it is feasible or not, but I will say this: Having made one trip in there there is not enough money this House could vote to-night that would induce me to make another in an ice breaker in the Canadian service, which ice breaker was built for the purpose of navigating water such as that. Let me add that in 260 years the Hudson Bay Company, with all their millions, have never built a steamer until this last year. The newspapers advised us the other day that they are putting their first steamer in service in that bay, to cross the Atlantic, and that it is of the ice breaker type. If you are going to have steamers of that kind, as the hon. member for Pictou has pointed out, surely it is only a mathematical problem to figure out how much higher your rates will have to be when you attempt to carry grain in boats of that character, as against boats that are proper grain boats operating from ports further south on the Atlantic. So if we are asked to vote this item for the railway as a grain route, I say that our information at the moment does not warrant it.

Then we get back to the second reason offered, and that is that the land on either side is rich in minerals, and that the road should be built as a colonization road. As a Canadian, I hope that the land on either side is rich in all sorts of minerals, as I know the bay and streams are rich in fish. But I still say, in view of all the millions we have spent on colonization roads in this country and the difficulty we have in getting people by one scheme or another to settle along the various lines of railway that have been built, that now is not the time to embark upon another colonization road and spend three or four million dollars for that purpose.

If there is one reason why this road should be built now and why this item should pass, there is one reason only, and that is the sentimental one. In the west, through propaganda in all these years, due to the fact that one leader of one party, then another leader of another party, in order to get some support in that part of the country, had to go west and pledge the party all over Canada to the support of that proposition, there has grown up a sentiment in that part of the country in favour of it, and if we pass this vote we shall be doing so in obedience to that sentiment in that part of the country.

Listening to the arguments that have been adduced, I say that that is the only reason I can see for asking my people in Nova Scotia to vote any money for this purpose, namely, in order to satisfy the great mass of people in the west, to prove to them that we in the east are ready, as we have always been since confederation, to put our shoulder to the wheel and help bear these additional burdens, that we may have unity in the Dominion. That is the only reason that has appealed to me and if I vote for the measure it will be upon that basis, and upon no other that has been given to the House.

Mr. CAHAN: As it is now nearly twelve o'clock and we have been discussing other matters than this since two o'clock this afternoon, I would suggest that this is a reasonable hour to adjourn.

Some hon. MEMBERS: Carried.

Mr. CAHAN: The expressions of opinion on this side have shown that there is a sufficient number of hon. members over here in favour of this measure to enable the hon. leader of the government to put it through. But in view of the interest taken in the Hudson Bay road, a greater interest than is taken in any other measure before this House, I suggest that it is not wise to force us to discuss this question after midnight. I am prepared to go on, but the House is dealing very fairly with this issue, I think. No time has been wasted in long speeches; and I am suggesting, with great deference that the debate might well now be adjourned and a couple of hours be taken to-morrow, because there are a number who wish to express their opinion upon it.

Mr. MACKENZIE KING: Naturally it would be my desire to defer to the wishes of an hon. member like my hon. friend from St.

Lawrence-St. George if there were any general sentiment in accord with his own. But I am inclined to think that he is about the only person left who really wishes to speak.

Some hon. MEMBERS: No, no.

Mr. MACKENZIE KING: Of course in this matter I shall be very happy to place myself in the judgment of the committee. But certainly the government would not wish to have the debate prolonged, and I really think it is the wish of the House that we should if possible, conclude this debate to-night. If it goes over to another day, the chances are that a number of the speeches made this afternoon will simply be repeated, and another day will be lost. May I point out to my hon. friend that we were ready to proceed last week with this particular item, but at the request of the acting leader of the opposition we deferred the debate from Friday last until this time, in order to give hon. members opposite the latitude and opportunity they wished.

Mr. CAHAN: I do not think you lost any time by that. Very good use was made of the time during which the discussion was deferred. It is not wise, it is not expedient, that it should go to the country that the Hudson Bay vote is being forced through at twelve o'clock at night without allowing due time for an expression of opinion by the members, for in the eyes of the country this is one of the most important issues before it. The hon. gentleman, as he knows, will have support on this side of the House sufficient to pass the measure when the final vote comes, but I think members on this side should have ample time to express their opinion. Does the right hon. gentleman insist that I should go on?

Mr. MACKENZIE KING: I should like to hear an expression of the view of the committee.

Mr. BEAUBIEN: I do not think it would be fair to the rest of us from distant parts of the country to stay here during the whole session and who cannot get home at all, as other hon. members can, to postpone this debate. We postponed it last week to accommodate members who were unable to be present, and I agreed to that; I had no objection to offer. But I do not see why the hon. member should not go on now. We have been discussing this thing all day, and if it is put over until to-morrow some hon. gentlemen will probably be asking to have it postponed still further because some other hon. gentleman is absent. I do not think that is fair to hon. members who have to stay here during the whole session.

Sir HENRY DRAYTON: We have certainly lost no time by any adjournment.

Mr. BEAUBIEN: I say that any further delay is unfair to the members from the far west and from the Maritime provinces, who have been here since the 7th of January. A few of us went home during the first adjournment because we have our own affairs to look after, just as have hon. members who come from Quebec and Ontario and whose homes are comparatively near this city. I think my objections are well founded. The members for whom I am speaking cannot go away over the week end but have to stay here. Therefore I think other hon. members should be fair to us and let us go on with this matter and finish it up to-night.

Sir HENRY DRAYTON: I simply rise for the purpose of pointing out that the time of the House has not been wasted by any adjournment.

Some hon. MEMBERS: Oh, oh.

Sir HENRY DRAYTON: Hon. gentlemen may laugh, but the contention that there was any loss of time owing to an adjournment is entirely beside the mark. There was no time at all lost by it.

Mr. DUNNING: I should not like to be put in the position of attempting to force a vote through the House—I think that was the language used by the hon. member for St. Lawrence-St. George. There is no intention of the kind. It is really a matter for the committee itself to decide. Judging from the sentiment of the committee, there seems to be a disposition to go on with this discussion.

Some hon. MEMBERS: Not to-night.

Mr. DUNNING: So far as the government is concerned we are prepared either to go on or to stop, as the committee itself may decide.

Mr. ROSS (Kingston): There are a good many members who want to speak on the question.

Mr. MACKENZIE KING: I should like to make a request, without seeking to get more than an undertaking given in the way I think it might be given at the moment: If the government agree to adjourn the debate now, will my hon. friends opposite undertake to see that we can go on with the debate when the House meets to-morrow afternoon? I announced last night, as hon. members will

recall, that we would take up the Hudson bay vote in the expectation that the entire day would be given to it; but we were met on a motion to go into Supply by an amendment, the discussion of which took up a good part of the afternoon. If I thought the same thing was going to happen to-morrow I certainly would be opposed to granting an adjournment now. However, if hon. gentlemen opposite will undertake to say that they feel sure no opposition will be offered to-morrow to our proceeding with the Hudson bay discussion from the time the House meets, I am perfectly agreeable that my colleague the Minister of Railways should move that the committee rise and report progress.

Sir HENRY DRAYTON: If there is one thing I think I can say it is that the opposition have let this government off very easily in connection with motions on going into Supply or for adjourning the House. I am quite sure there is no room for any complaint there at all. Such being the case I think it is hardly fair that my right hon. friend should seek to make this condition. So far as I am aware at the present moment there is no right the opposition intend to exercise in that connection, but I am not going beyond that point. I simply do not know of anything at the moment; that is all I can say. My right hon. friend will agree with me that is all I could say. I really do think we are not to blame for bringing on many amendments.

Mr. MACKENZIE KING: I am prepared to accept what my hon. friend has just stated that so far as he knows the opposition do not intend to bring in any motion that will delay our proceeding with this matter to-morrow.

Progress reported.

On motion of Mr. Mackenzie King the House adjourned at 12 o'clock (midnight).

END OF VOLUME IV